

Date : 7 August 2020  
To : Environment, Climate Change and Land Reform Committee  
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## GREEN RECOVERY

**The Committee would particularly welcome views on the following questions– Do the principles of sustainable development (as set out in the annexe), and those for a resilient recovery, as proposed by the [UK Committee on Climate Change](#), provide a comprehensive framework for guiding an effective green recovery in Scotland?**

1. NFU Scotland believes that the principles of sustainable development provide a robust foundation upon which to build a green recovery from COVID-19. The principles of living within environmental limits and ensuring a strong, healthy, and just society are key principles in facilitating a green recovery. Achieving a sustainable economy and promoting good governance will be critical in achieving this.
2. NFU Scotland has consistently advocated for the responsible use of sound and relevant science in its approach to climate change and welcomes the incorporation of this principle of sustainable development into a green recovery from COVID-19.
3. NFU Scotland believes that the principles proposed by the UK Committee on Climate Change (UK CCC) provide a suitable framework for guiding an effective green recovery. These principles are:
  - a. Use climate investments to support the economic recovery and jobs
  - b. Lead a shift towards positive long-term behaviours
  - c. Tackle the wider 'resilience deficit' on climate change
  - d. Embed fairness as a core principle

- e. Ensure the recovery does not 'lock-in' greenhouse gas emissions or increased climate risk
  - f. Strengthen incentives to reduce emissions when considering fiscal changes
4. NFU Scotland agrees that using climate investments to support economic recovery and jobs will be vital in supporting a green recovery, and NFU Scotland has lent its support to the detailed policy proposals put forward by the Climate Emergency Response Group<sup>1</sup>.
5. NFU Scotland recognises that there is renewed opportunity to shift towards positive long-term behaviours. NFU Scotland believes that facilitating a green recovery could provide a catalyst for change within the agriculture and land use sectors.
6. As discussed below, NFU Scotland is keen to ensure that fairness is embedded in the green recovery from the outset to safeguard the productivity of the sector and minimise trade-offs with multiple policy goals.
7. NFU Scotland appreciates the importance of strengthening incentives to reduce emissions when considering fiscal changes. As Scotland continues to recover from the COVID-19 pandemic, there will be continued pressures placed on the agricultural sector due to EU exit and the creation of a future package of support for the sector. As discussed in detail below, NFU Scotland believes that it is essential that both the UK and Scottish Government articulate the measures that will be put in place to allow the sector to continue playing a key role in producing food, protecting the environment, supporting a green recovery, growing the economy, and sustaining associated jobs.

**What are the key barriers to delivering a green recovery (within your sector and / or community)?**

8. Protecting the environment and responding to climate change remain critically important issues for Scottish agriculture and as a major land use in Scotland, the sector has a key role to play in the green recovery. Agriculture has enormous potential to deliver for both Scotland's economy and environment, but this

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<sup>1</sup> Climate Emergency Response Group, *Eight policy packages for Scotland's Green Recovery*, <https://www.changeworks.org.uk/resources/eight-policy-packages-for-scotlands-green-recovery>

potential is currently constrained by several political, physical, and financial barriers.

9. NFU Scotland believes agriculture must not be considered in isolation from other sectors of the rural economy. NFU Scotland is aware that rural areas were identified by the Just Transition Commission as ‘hot spots’ requiring particular attention during the green recovery<sup>2</sup>. NFU Scotland also notes analysis undertaken which highlights that rural communities may be more exposed to experiencing long-term economic impacts as a result of COVID-19 and measures put in place to control the spread of the virus<sup>3</sup>. Given that agricultural businesses are essential for providing employment in the many rural, remote and island communities in which farmers and crofters live and work, they should be clearly included. Agriculture is the third largest employer in rural Scotland. The sector directly employs around 67,000 people, which equates to around 8 per cent of the rural workforce<sup>4</sup>. Failing to acknowledge the critical role agriculture plays in the rural economy could create a barrier to the involvement of the sector in the green recovery.
10. NFU Scotland recognises that there is a need for urgency in addressing agriculture’s contribution to climate change but firmly believes that the sector must be given the opportunity to remain competitive and resilient. NFU Scotland would be concerned if future policies levied increased regulatory and cost burdens on agricultural businesses without increasing their productivity and profitability. Such measures would only create further barriers for Scotland’s farmers, crofters, and growers in adapting to climate change against an already-challenging financial backdrop. Agricultural businesses within Scotland were estimated to make a loss of around £9000 2018 - 2019<sup>5</sup>. Operating in such circumstances has been reported to limit optimism, investment, innovation, and

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<sup>2</sup>Just Transition Commission, *Advice for a Green Recovery*, <https://www.gov.scot/publications/transition-commission-advice-green-recovery/>

<sup>3</sup> Fraser of Allander Institute, *Regional Impacts of the Coronavirus Pandemic*, <https://fraserofallander.org/covid/regional-impacts-of-the-coronavirus-pandemic/>

<sup>4</sup> Scottish Government, *Agricultural Census 2019*, <https://www.gov.scot/binaries/content/documents/govscot/publications/statistics/2019/10/final-results-june-2019-agricultural-census/documents/june-agricultural-census-2019/june-agricultural-census-2019/govscot%3Adocument/june-agricultural-census-2019.pdf>

<sup>5</sup> Scottish Government, *Farm Business Survey 2018 – 2019*, <https://www.gov.scot/publications/farm-business-survey-2018-19-profitability-scottish-farming/pages/3/>

employment opportunities<sup>6</sup> and it is therefore essential that no unnecessary financial burden is placed on farm businesses because of rapid changes required.

11. To be achievable, measures introduced to promote a green recovery must also avoid undermining other policy goals, including Ambition 2030<sup>7</sup>. Policy makers should acknowledge the range of goals that are currently set for the agriculture sector, which could act as a perceived barrier or complicate pathways to achieving results both on-farm and industry-wide.
12. The lack of clarity around future agricultural policy and support mechanisms could also be perceived as a barrier to a sustainable green recovery. If farm businesses are to successfully plan for and then implement measures to mitigate greenhouse gas emissions and enhance the environment, clearer signals are needed from policy makers. There is a great deal that the industry can do to reduce emissions if government, industry, and other stakeholders continue to work constructively and collaboratively to improve performance.
13. The COVID-19 pandemic has highlighted the extreme vulnerability of existing supply chains and their susceptibility to shock and upheaval. While different commodity supply chains react in different ways, the capacity across the supply chain to adjust rapidly and without chaos and cost is limited. Issues with equity within the supply chain existed prior to the COVID-19 pandemic but will need to be resolved if the agriculture sector is to support a green recovery.
14. The pandemic has also underscored the lack of processing capacity across the UK. This was highlighted as a major issue for the dairy sector but is apparent for other agricultural commodities too and risks making the Scottish food production system less adaptable and resilient.
15. The lack of digital capacity in much of rural Scotland has created significant logistical challenges for many NFU Scotland members and will continue to act as a barrier if not addressed. The lockdown and physical distancing measures in place during COVID-19 forced many agricultural activities online, highlighting regional disparities and underscoring the significant postcode lottery in broadband capability and speed across Scotland's rural areas. NFU Scotland notes that in

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<sup>6</sup> NFU Scotland, *Brexit Survey Shows Ongoing Uncertainty is Eroding Confidence Levels in Scottish Agriculture*, <https://www.nfus.org.uk/news/news/brexit-survey-shows-ongoing-uncertainty-is-eroding-confidence-levels-in-scottish-agriculture>

<sup>7</sup> Ambition 2030: A Growth Strategy for Farming, Fishing, Food and Drink, The Scottish Food and Drink Partnership, <http://www.foodanddrink.scot/media/78130/strategy-brochure-smaller-size.pdf?Action=download>

2019, 19% of rural premises were unable to receive what Ofcom would term 'decent' broadband from a fixed line<sup>8</sup>. Anecdotal evidence supports this trend, with many NFU Scotland members noting that poor internet connection has made it difficult to adapt to new ways of working and participate in online events used to substitute a range of professional and social engagements.

16. The above evidence identifies the physical, financial, policy and infrastructure challenges facing rural Scotland. It is also relevant to highlight the extremely challenging political climate in which all Scottish agriculture is operating during the transition period out of the EU. The future post-CAP policy landscape will be a vital variable for the future productivity of the sector and its delivery of climate change goals. However, above all else, the future relationship with the EU and the outcome of international trade negotiations will be highly significant in defining the future operating environment and competitiveness for Scottish agricultural businesses.

17. It is NFU Scotland's clear view, maintained since the referendum outcome in 2016, that a good Brexit outcome for Scottish agriculture will be one that allows greater regulatory freedoms to ensure better environmental and productivity outcomes for agricultural businesses, but also ensures the extremely high standards to which domestic producers operate to be maintained and built upon. In order to achieve this, a 'no deal' must be avoided at all costs, as must expedient trade arrangements with third country partners that allow products produced to inequivalent standards to those required of Scottish and UK producers to be imported into the country and undercut the market. This remains one of the biggest challenges facing the sector in terms of its future viability and contribution towards a green recovery.

**What key policies, actions and immediate priorities are needed to deliver a green recovery (within your sector and / or community)?**

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<sup>8</sup> Ofcom, *Connect Nations Report 2019*, [https://www.ofcom.org.uk/data/assets/pdf\\_file/0023/186413/Connected-Nations-2019-UK-final.pdf](https://www.ofcom.org.uk/data/assets/pdf_file/0023/186413/Connected-Nations-2019-UK-final.pdf)

18. Scottish farmers and crofters remain committed to producing high quality food in an environmentally and climate-friendly manner. NFU Scotland is aware that the Scottish economy's emergence from COVID-19 could mean that Scottish agriculture is asked to increase its ambitions, and acknowledges that there are a range of policies, actions and priorities that are needed to deliver a green recovery for the sector.

## Policies

19. As discussed above, there is an urgent need for clarity from policy makers if farm businesses are to plan for and begin to implement measures to deliver a green recovery, achieve policy goals and meet ambitious climate change targets within stated timeframes. NFU Scotland notes that the Advisory Group on Economic Recovery highlighted that now is the time to test and pilot new approaches, with a view to building these into policy,<sup>9</sup> and believes that Government must provide more clarity on future policy commitments and develop clear and strategic transition plans if it is to secure a green recovery from COVID-19 for agriculture.
20. Environmental benefit and delivery form a central plank of NFU Scotland's vision for a new Scottish agricultural policy, alongside measures to improve productivity and financial stability. In '*Stability – The Platform for Change*', NFU Scotland outlines that these steps must be taken from 2021 to enable Scottish agriculture's transition to lower emissions<sup>10</sup>.
21. It is critical that measures and schemes to promote a green recovery reflect the profile of Scottish agriculture and are developed to ensure the sector can achieve the policy objectives sought from farming and crofting. Future policy development must also recognise that food production involves emissions and that these cannot be reduced to zero while maintaining a productive agricultural sector. Although agriculture will remain an emitting sector of the economy, it will still make a strong contribution towards a green recovery.

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<sup>9</sup> Scottish Government, *Report of the Advisory Group on Economic Recovery*, <https://www.gov.scot/publications/towards-robust-resilient-wellbeing-economy-scotland-report-advisory-group-economic-recovery/>

<sup>10</sup> NFU Scotland, *Stability – The Platform for Change*, <https://www.nfus.org.uk/userfiles/images/Policy/Stability.pdf>

22. The continued support of Scotland's research institutes will also deliver environmental, economic, and social benefits, and will be crucial in adhering to one principle of sustainable development – using sound science responsibly. Scotland boasts world-leading research capacity, which is an invaluable asset in pioneering new agricultural innovations and tackling plant and animal disease. It is vital that we continue to support and nurture this capacity.
23. It is also essential that the outcomes of this research are accessible, clearly translated and succinctly communicated to direct policy and inform practice on farm. NFU Scotland believes that better progress can be made on this if government works alongside industry to provide advice for food producers and land managers. NFU Scotland supports existing initiatives that advise farmers on how to improve their environmental and climate performance, including Farming for a Better Climate, and believes that this success can be built on in the context of the green recovery. NFU Scotland notes recommendations from the Climate Emergency Response Group, which highlight the need to invest in the training and employment of more farm advisors through the existing advisory services and the need for upskilling within the sector.
24. There are clear social, environmental, and economic benefits to eating locally and seasonally, and as such NFU Scotland believes greater flexibility on public procurement could play an important role in the green recovery. NFU Scotland has consistently advocated for a review of procurement tendering practices and believes that the best way to achieve a step-change in the procurement of local food should be through the introduction of mandatory targets for central and local procurement. NFU Scotland would also like public bodies to report progress on local food procurement to a statutory body.
25. NFU Scotland believes that focus should be placed on public procurement tendering practices to ensure that ingredient origin is accounted for in local buying and that there is stronger support for local sourcing. At present, European law does not allow public bodies to stipulate origin on public procurement contracts. NFU Scotland believes this area of law does not have public support and as such would welcome any flexibility which allows public bodies in Scotland and the UK to choose to source Scottish and UK produce as part of the green recovery from COVID-19.

26. NFU Scotland believes there is an important opportunity for new legislation that would enhance country of origin labelling. At present there is no legal requirement to provide the origin of beef in processed products like a steak pie or sausages. For example, NFU Scotland would support steps to enhance requirements for origin labelling of beef in processed food.
27. Recovery from the COVID-19 pandemic also provides opportunity to encourage the food service and hospitality sectors indicate their efforts to source local food. Prior to the COVID-19 pandemic, NFUS understands that a significant proportion of food was eaten out of the home. NFU Scotland firmly believes that locally sourced food of guaranteed provenance would guarantee a more climate friendly hospitality sector and support a green recovery.
28. NFU Scotland had suggested that some of the measures proposed for the Scottish Government's Good Food Nation Bill could address these issues<sup>11</sup>. NFU Scotland notes the postponement of this particular piece of legislation due to COVID-19, but firmly believes the situation has underlined the importance of governments showing that there is substance behind their statements in support of Scottish and UK agriculture by exercising policies which would better support domestically-produced produce.
29. NFU Scotland has always acknowledged that improving the environmental performance of the sector will provide an opportunity to reconnect Scottish consumers with local food producers. NFU Scotland believes that policies should be introduced to provide better information about what eating seasonally and locally means and through educational measures in the national curriculum which teach children in their early years about food production and seasonality. However, NFU Scotland would urge caution around recommendations on dietary change and reduced meat and dairy consumption as part a green recovery. NFU Scotland cannot advocate policies that would clearly undermine the viability Scotland's agriculture sector.

## **Actions**

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<sup>11</sup> NFU Scotland, *Good Food Nation Policy*, <https://www.nfus.org.uk/userfiles/images/Policy/Good%20Food%20Nation%202018.pdf>

30. NFU Scotland believes that one positive legacy for the agriculture sector has been the support that consumers have demonstrably shown for locally produced food and drink. NFU Scotland appreciates the support governments highlighted for domestic production at the height of the COVID-19 pandemic and believes that this public support should be sustained and built upon in the context of the green recovery. It is vital that industry and governments continue to work in partnership to promote a clear and consistent message to the general public of the important role played by farmers, crofters and growers – not just in terms of ensuring security of food supply but also with regard to the extremely high provenance of domestic food and drink offering, produced to exacting standards. For these reasons, NFU Scotland strongly urges the Committee to consider the above-discussed issues of public procurement and country of origin labelling in its report and recommendations to Scottish Government on the green recovery.
31. NFU Scotland believes that focus should be placed on ensuring that the supply chain guarantees a more equitable share of risk and reward for farmers. More equitable returns from the supply chain would give those involved in agriculture more confidence to invest in their businesses, particularly in more efficient, and therefore climate friendly, methods of production.
32. NFU Scotland recognises the important role reconnecting Scottish consumers with local food producers can play in a climate-friendly food system and make supply chains more resilient to shocks. NFU Scotland members take their role as producers of food and drink seriously, and have been encouraged by the support for the sector that has arisen from the rise in farm shop deliveries, doorstep deliveries, and the actions of some retailers in using the opportunity to source and support domestically-produced produce as far as possible. NFU Scotland notes the Climate Emergency Response Group's recommendation to support local distribution models to connect Scottish produce to consumers to support the greater production and consumption of local fruit and vegetable produce in Scotland as part of the green recovery.
33. A long-term legacy from the current pandemic must be industry and government collaboration on upscaling the processing capacity of the UK so that the agricultural, food and drink sectors can be more versatile and adaptive to future challenges. Further investment in processing will allow value to be added to the primary produce that farmers provide – with the potential to upscale the market

impact of high-value Scottish produce and protect the high food standards and reputation of Scottish food and drink. This was also highlighted by the Climate Emergency Response Group as an area requiring action in the context of the green recovery.

34. NFU Scotland believes Government should consider further developing funding that supports the circular economy and expand this to encompass wider issues which are relevant to agriculture and other sectors of the economy trying to reduce their emissions. NFU Scotland believes that this funding could be extended to include the processing of renewable, sustainable products such as wool which NFU Scotland believes could help deliver efficiencies and achieve emissions reduction targets.
35. As outlined above, connectivity presents real difficulties for those living in rural areas. NFU Scotland recognises that COVID-19 has created barriers for the roll out of the Scottish Government's R100 program but believes that it will be essential that Governments take action to improve connectivity to ensure that those continuing to work from home, or establishing businesses in rural communities, are able to have equitable access to broadband.

**How should the 2021/22 Budget support a green and sustainable recovery and avoid locking in carbon; and what funding is needed in the ECCLR portfolio to deliver a green and sustainable recovery?**

36. The 2021/22 Budget will be critical in supporting the green recovery. NFU Scotland recognises that a central principle of the green recovery from the perspective of the UK CCC is to strengthen incentives to reduce emissions when considering fiscal changes and acknowledges that a successful green recovery will require the investment of significant public resources.
37. NFU Scotland is confident that investing in Scottish agriculture creates the potential for the sector to reduce emissions while increasing profitability and productivity. This will be key to supporting a green and sustainable recovery and avoid increasing emissions from the agricultural sector. There are significant economic and environmental benefits to be generated through sustained support for and investment in Scottish agriculture and NFU Scotland believes the significant contribution of agriculture to the Scottish economy makes it a key player in economic renewal. Scotland's farmers, crofters, and growers produce output worth around £3 billion per year, and support Scotland's £14.5 billion food and drinks sector. Farm outputs of beef and sheep alone are worth around £1 billion to the Scottish economy<sup>12</sup>. Scotland's natural economy (including agriculture) has the potential to drive sustainable green growth and resilience post COVID-19: NFU Scotland notes that in 2018, the natural economy contributed over £29 billion gross value added to the Scottish economy and was responsible for employing 11% of Scotland's workforce<sup>13</sup>.
38. Scottish agriculture occupies a unique position in delivering wider nature-based solutions and benefits and believes that there is now renewed opportunity for government to incentivise uptake of more efficient land use management techniques in the context of the green recovery. NFU Scotland notes that the Advisory Group on Economic Recovery highlights that supporting natural capital will be essential to the future of land-based industries. The principles set out in NFU

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<sup>12</sup> Quality Meat Scotland, *The Scottish Red Meat Industry Profile*:  
[https://www.qmScotland.co.uk/sites/default/files/qm3156\\_rmip\\_2019\\_aw\\_lo\\_res.pdf](https://www.qmScotland.co.uk/sites/default/files/qm3156_rmip_2019_aw_lo_res.pdf)

<sup>13</sup> SRUC, *Natural Economy Report to SRUC from BiGGAR Economics*,  
[https://www.sruc.ac.uk/downloads/download/1615/natural\\_economy\\_report\\_to\\_sruc\\_from\\_biggar\\_economics](https://www.sruc.ac.uk/downloads/download/1615/natural_economy_report_to_sruc_from_biggar_economics)

Scotland's *Steps to Change*<sup>14</sup> document establish a new support package for Scottish agriculture, shifting support to targeted action-based payments on practical measures to drive productivity while delivering environmental gains. There is an opportunity through a new package of agricultural support to tackle climate change and enhance and restore the natural environment, and NFU Scotland recognises that this will be particularly important in the context of the green recovery.

39. NFU Scotland believes that existing funding commitments must be sustained and built on. NFU Scotland would again like to call upon the support of the Scottish Government in making the case to HM Treasury for a multi-annual budgetary framework that allows recipients of agricultural support to plan and invest for the future. NFU Scotland would also like to see a clear commitment from the Scottish Government that any current or future budgetary framework that is arrived at for agriculture and rural development spend remains ringfenced and protected for these purposes.
40. NFU Scotland agrees with the Scottish Government's '*Stability and Simplicity*' approach which will initially roll-over the CAP and its current application in Scotland following the end of the transition period on 31 December 2020 and make improvements to mapping, inspections and penalties thereafter.
41. NFU Scotland welcomes the Scottish Government's commitment to the establishment of an Agricultural Transformation Programme in this year's budget. However, NFU Scotland has consistently made clear its belief that £40 million is insufficient to guarantee the step change that is required from Scottish agriculture and has outlined its belief that the Agricultural Transformation Programme should receive additional funding of £100 million<sup>15</sup>.
42. NFU Scotland supports the Climate Emergency Response Group's policy proposal to build on the Agricultural Transformation Program funding by providing a scrappage scheme for old machinery and technology where more climate-friendly replacements are available. This use of public money would allow the unlocking of additional investment in machinery and technology and would allow Scottish farmers and crofters to reduce emissions in line with Scottish

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<sup>14</sup> NFU Scotland, *Steps to Change*, <https://www.nfus.org.uk/userfiles/images/Policy/Brexit/STEPS%20FOR%20CHANGE%20March%202018%20-%20for%20email.pdf>

<sup>15</sup> NFU Scotland, *Stability – The Platform for Change*, <https://www.nfus.org.uk/userfiles/images/Policy/Stability.pdf>

Government climate change legislation and generate economic activity and jobs in the supply trade.

43. As outlined above NFU Scotland supports the UK CCC's recommendation to use climate investments to support economic recovery and jobs. NFU Scotland supports the detailed policy proposals put forward by the Climate Emergency Response Group regarding a rural jobs creation scheme. NFU Scotland recognises that the creation of jobs in rural areas will be particularly important given key role land use plays in responding to the climate emergency. NFU Scotland therefore supports the principles set out regarding training, upskilling and diversification outlined by the Climate Emergency Response Group and recognises that these activities could allow the sector to become more resilient.
44. NFU Scotland believes there are important opportunities emerging through 2021-24 to pilot new measures that will better achieve the outcomes desired by the Agri-Environment Climate Scheme (AECS). The AECS is intended to promote land management practices which protect and enhance Scotland's natural heritage, improve water quality, manage flood risk and mitigate and adapt to climate change, as well as improving public access and preserving historic sites – all key in contributing to a green recovery. The funding available should therefore enable farmers and crofters to play their key role in managing a significant majority of Scotland's environmental interests. Steps should be taken to address concerns that persist under the current AECS regarding whether funding is sufficient and accessible to those best placed to deliver or targeted at the interests that could add greatest benefit and thereby ensure best value for money.
45. Continued support of Scotland's research institutes will also deliver social benefits. Scotland boasts world-leading research capacity, and it is vital that we continue to support and nurture this.

### **General response**

46. NFU Scotland believes there is significant opportunity for the sector in responding to the green recovery. NFU Scotland's primary goal within the longer-term economic recovery is to secure a profitable and sustainable agricultural industry that acts as a cornerstone to economic, environmental and social benefits: producing high quality food and products that its customers want; seeking growth in new export markets; leading in the delivery of climate ambitions and a

flourishing environment; driving sustainable rural development, helping rural communities thrive and prosper; and contributing to key objectives on animal health and welfare as well as promoting human health and well-being.