

## Briefing Note

### The economic impact of salmon farming

Scotland's open cage salmon farming industry plans to double production by 2030, despite the concerns of numerous stakeholders about the adverse effects the expansion would have on their income and employment. These stakeholders include businesses providing services for salmon and sea trout anglers, recreational sea angling charters, marine wildlife tourism operators and commercial fishermen - particularly creel fishermen.

In response to these concerns, the Sustainable Inshore Fisheries Trust and Salmon & Trout Conservation Scotland published a report in 2020 on the impacts of the salmon farming industry on the Scottish economy. The full report is available [here](#) along with a peer review of the analysis [here](#). The report found that:



*Fish farm, Scotland 2020 (Credit: Corin Smith)*

#### Costs to other stakeholders have not been assessed.

**The Scottish Government has only assessed the benefits of salmon farming. It has not assessed the costs that salmon farming imposes on other sectors.** There is now an urgent need for the Scottish Government to undertake a Cost Benefit Analysis (CBA) of the industry. When using economics to evaluate the impact of a policy across society, CBA is the cornerstone. Only when this is completed will it be possible to develop a policy in the national interest.

In a letter to SIFT in September 2020, Fergus Ewing MSP, Cabinet Secretary for Rural Economy and Tourism acknowledged that the Government's '*research did not seek to cover a comprehensive cost-benefit analysis of the sector's interactions with the marine environment and its other users*'.

### **Stakeholders affected by salmon farms have not even been identified.**

**It appears that the Scottish Government has not even sought to identify which stakeholders will be adversely affected by the expansion of open cage salmon farming.** A Cost Benefit Analysis would identify who is better off and who is worse off from industry expansion.

In evidence to the Scottish Parliament's Rural Economy and Connectivity Committee, Salmon Farming Inquiry in December 2020, Fergus Ewing MSP acknowledged *'I cannot think of any individual example where a company has said that its business has suffered significant financial losses directly as a result of salmon farming.'*

### **Data cited by The Scottish Government cannot be reconciled with official data.**

**The report also found that even the partial data cited by Ministers either cannot be reconciled with relevant official data or does not relate to coherent indicators of economic activity.** The report calculated that Gross Value Added (GVA) arising from the industry, which has been extensively quoted and relied on by Highlands and Islands Enterprise and Marine Scotland, is possibly exaggerated by 124%, whilst employment could be overestimated by a massive 251%. The report also highlighted concerns about large estimates (e.g. £2bn of turnover) which do not relate to any coherent indicator of economic activity.

**In summary, until a comprehensive Cost Benefit Analysis has been undertaken, claims regarding the economic benefits arising from the expansion of open cage salmon farming cannot be substantiated or used to justify the industry's expansion. As the report concluded:**

*'It is difficult to understand how the Scottish Government can sensibly address the question of whether further damage to Scotland's marine environment is a price worth paying.'*

And as the peer review noted: *'Any such assessment should be consistent with [HM Treasury's] Green Book guidance on the appraisal of policies, programmes and projects, and address the impact such an expansion would have on other parts of the economy, so that a clear and dispassionate assessment of the net impact can be seen.'*