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Our Ref:
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Date: 28 September 2006

Dear Mr Doyle

PAN FISH/MARINE HARVEST MERGER INQUIRY

I refer to your letter dated 31st July 2006 relative to the above seeking Argyll and Bute Council views on the said inquiry. The Council welcomes the opportunity to respond to the Commission however the comments below are very general in nature taking into account the local context. Highlands and Islands Enterprise (HIE) is the agency responsible for direct business support and economic development for the Highlands and Islands area and is therefore more qualified to comment in detail on the issues relating to the merger.

Argyll and Bute Council is the second largest local authority area in Scotland incorporating a coastline in excess of 4,500 km, numerous peninsulas separated by deep sea lochs and a total of 25 inhabited islands. The Council recognises that the quality and diversity of the coastal and inshore waters is one of our prime assets.

The Council is committed to working with its partners such as the Highlands and Islands Enterprise in order to create employment in our remote island and rural areas to ensure the sustainability of these communities. The aquaculture industry is one of the few that can provide all year round well paid employment in many of our more remote and fragile areas, and the Council is committed to working with the industry at a local level to ensure its sustainability through appropriate management.

Argyll and Bute Council, through the Argyll Marine Natura project, which has been running for over three years, has been involved in securing the sustainability of our local marine and coastal resource through the drawing up of long term management strategies for the Firth of Lorn and Loch Creran. This has been done through engagement with local fishermen, shell fishermen, fish farmers, boat operators, divers, statutory undertakers such as SNH, SEPA and SEERAD and other local stakeholders. In addition the Council is currently working on the development of Integrated Coastal Zone

Management (ICZM) plans for Loch Fyne and Loch Etive. This is a two year project based on local stakeholder involvement to secure the long term sustainability of these marine and coastal areas. It is the Council's intention to roll these plans out to other loch systems within our area. The ICZM plans will help the Council to fulfil its role in enabling the aquaculture industry to plan for the future. Pan Fish are actively engaging in the ICZM process for Loch Fyne.

As can be seen from the Highland and Island Enterprise submission, aquaculture is seen as the most significant new industry to emerge in the highlands and islands in the last quarter of the 20th Century. A company such as Pan Fish, which has some 20 sites within Argyll and Bute, makes a significant contribution to the economy of the area and in particular to those more remote and fragile areas. It is often the case within these areas that, although the actual numbers employed are low, the significance of them to the sustainability of these fragile communities is very high. The Council would be concerned if the proposed merger were to result in significant job losses in these communities.

There is no doubt that Aquaculture, as an industry, continues to offer opportunities to continue to generate employment and income in many of Argyll and Bute's more remote and peripheral areas however the Council also recognises that to do this the industry has to be properly regulated in order to build consumer confidence, overcome conflict with other in-shore interest groups and to secure sustained growth and compete within the global market. The key question is as to whether the proposed merger will allow these two companies to better achieve this.

The Council recognises that the proposed acquisition could bring with it both positive and negative consequences and these have been very succinctly detailed in the submission by HIE.

I hope that the above comments are of assistance to you.

Yours Sincerely

Audrey Martin
Senior Development Officer