



**Association Of Salmon Fishery Boards
Rivers & Fisheries Trusts of Scotland**
c/o 5A Lennox Street, Edinburgh EH4 1QB



**Edwin James
Inquiry Secretary
Competition Commission
Victoria House
Southampton Row
LONDON, WC1B 4AD**

15th July, 2006

Re: Panfish/Marine Harvest Inquiry

Dear Mr James.

The Association of Salmon Fishery Boards (ASFB) and Rivers & Fisheries Trusts of Scotland (RAFTS) wish to take the opportunity to comment on the above case. The ASFB represents the network of 44 Scottish District Salmon Fishery Boards (DSFBs) which are charged under the 1986 and previous Salmon Acts with the statutory responsibility to 'protect and improve' wild salmon fisheries (inc. sea-rout). RAFTS represents the national network of 18 fisheries research trusts which are charitable organisations whose work is focused on freshwater, river habitat restoration, fish and fisheries monitoring, research and education programmes.

Salmon farming in Scotland has been recognised to have, in places, a serious impact on wild salmon populations. These problems are now being addressed through an industry/Scottish Executive/wild fisheries management initiative called the Tri-Partite Working Group (TWG). We would also add that Panfish, to date, has been a significant and valuable contributor to this process and therefore would like to stress that our concern over such an acquisition is on a matter of principle and is not related to any particular problems we have with Panfish per se.

Should this merger proceed, 65% of the Scottish salmon farming industry will be under the ownership of a single company. Already in excess of 80% of the Scottish salmon farming industry is now owned by Norwegian concerns.

The variability of engagement of Scottish based fish farming companies with the TWG is significant. Some companies have positively engaged, others have shown little interest. It is noteworthy that those few remaining Scottish based companies (with the exception of Panfish which, as mentioned above, has had a positive attitude to date) have tended to have engaged more productively with this important initiative, probably as a result of them having a greater stake in the communities in which they operate. This potential variability of approach illustrates the danger of a single company having such domination over Scottish production.

If Panfish remains constructively engaged with some of the problems relating to salmon aquaculture there can be little doubt that we will all benefit. However, salmon farming is a capricious business and should Panfish wish to take a less constructive approach, which its commercial dominance may allow it do, the impact on initiatives like the TWG could be considerable.

Another example of the potential impact that such a dominant force in Scottish aquaculture might have is over the possible import of live fish to Scotland. Scotland currently enjoys a uniquely high fish health status and, unlike Norway, is free of the ecto-parasite *G.salaris* and the economically damaging virus, Infectious Salmon Anaemia (ISA). Panfish currently has a firmly stated policy of not importing live fish to Scotland from Norway which we applaud. However, with the recent closure of several broodstock sites in Scotland and the corresponding massive increase of importation of eggs (in excess of 20m per annum) from Norway, the prospect of live fish imports (at smolt stage) must be considered a real one with all the corresponding exposure of Scottish wild and farmed fish to diseases exotic to the British Isles.

The current EU fish health provisions for ensuring such trade does not expose Scotland to fish health risks through imports are barely adequate. There are considerable concerns expressed within the salmon farming industry and within the public and private sector in Scotland that these safeguards may not be adequate to prevent a determined effort by a Norwegian company to import. Again our concern lies not with Panfish now but with the power that such a company could exert if it were to achieve such dominance in the market and if it were to experience a change in policy or indeed ownership. In the last 15 years Marine Harvest has been owned by 3 different companies: Unilever, Booker, Nutreco and now possibly Panfish. This illustrates the volatility of the business.

I hope, therefore, it is clear from the above examples that the dominance of such an important Scottish rural industry (which already has a controversial reputation) by a single company exposes the Scottish economy and environment, and the communities on which they depend, to unacceptable risks. The Scottish industry, as indicated above, is already exposed to the whim of Norwegian operators, but for the entire sector to be dominated by a single company could present serious problems for us all in the future.

We have little doubt that the monopolisation of the Scottish salmon farming industry by such a large, vertically integrated company with such commercial power will create similar concerns in other parts of the salmon farming industry; for other stakeholders in the environment; and for the communities which depend on these companies. We therefore would like you to consider carefully the implications of such a merger for the fragile economy of rural Scotland.

Yours sincerely,

Andrew Wallace
Director, Association of Salmon Fishery Boards
Policy Director, Rivers & Fisheries Trusts for Scotland