EUROPEAN AND EXTERNAL RELATIONS COMMITTEE
CONNECTING SCOTLAND INQUIRY
SCDI is an independent and inclusive economic development network which seeks to influence and inspire government and key stakeholders with our ambitious vision to create shared sustainable economic prosperity for Scotland.

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Introduction

1. SCDI is an independent membership network that strengthens Scotland’s competitiveness by seeking to influence and inspire government and key stakeholders with our ambition to create shared sustainable economic prosperity. SCDI’s membership includes businesses, trade unions, local authorities, educational institutions, the voluntary sector and faith groups.

2. SCDI has a strong history in trade and development promotion for Scotland and, as the Scottish Government looks to refresh its international framework and EU Action Plan, welcomes the opportunity to reflect on its submission to the Committee in July 2010\(^1\) and highlight some key observations and recommendations as part of the strategy refresh.

   *Is there a clear, coherent and well-resourced strategy for European and international engagement with the Scottish Government and its agencies?*

3. The Scottish Government and its agencies have well-resourced, clear and coherent strategies however the implementation of these strategies would benefit from stronger engagement with key stakeholders to ensure that they are communicated to all relevant networks. The Scottish Government’s target to deliver a 50% increase in the value of international exports by 2017, can only be achieved if Scotland harnesses the expertise of industry leaders to help support companies achieve their international ambitions. SCDI therefore recommends that Ministers and Senior Civil Servants become more proactive in disseminating their strategies upon publication.

4. SCDI is well placed to support the Scottish Government in promoting the refreshed strategies to Scottish businesses. For example, SCDI’s International Business Committee is a valuable forum for the discussion of international trade policy issues, exchange of experience and insights and a source of guidance in helping Scotland’s SME exporters expand and improve their performance.

5. SCDI is of the opinion that the Scottish Government and its agencies could communicate more effectively with Scotland’s businesses those practical outcomes and success stories which illustrate how their strategies have helped deliver good value returns on investment. This will help to engage Scotland’s business community in the delivery of the strategies and improve understanding amongst key stakeholders.

6. If the Scottish Government is to achieve the ambitious targets it has set itself, it needs to ensure that its strategies have the flexibility to engage and support all of Scotland’s companies. SCDI is aware that many of its members feel that if they do not fit within the specific remit of Scottish Enterprise’s priority sectors then they are not eligible for support. As part of the strategy refresh, SCDI recommends that the impact on international strategies of companies who do not operate within the priority sectors, be analysed and explored in more detail. The evidence from this research should then be used to tailor future strategies to ensure that they optimise the potential of all Scottish businesses in meeting the Scottish Government’s targets.

7. SCDI understands that Scottish Enterprise currently gathers feedback from Industry Leadership Groups on the development of their strategies. As it is not transparent how these groups influence strategies it is difficult to determine how influential these groups are. It does appear however that engagement with these groups is largely on strategy development and perhaps this is a missed opportunity.

8. As detailed in SCDI’s 2010 submission to this committee, we believe that the existing international presence of Scottish Government offices and 29 SDI international offices could be more effectively utilised if aligned with private sector Scottish operations based in the same locations. Alignment between the private and public sectors in these international locations would facilitate a virtual global network of Scottish business support centres which can offer advice and in-market expertise. Making the most of networks such as these could help deliver a greater

return on investment and play a key part in achieving the collective ambition to maximise the value of Scottish exports.

What has the Scottish Government’s international strategy achieved since its refresh in October 2012 and what has the EU Action Plan achieved since it was first published in 2009? Has the international strategy enabled “Scotland to flourish on the international stage, thus increasing economic growth for Scotland?”

9. As outlined above, SCDI believes that there is currently a disconnect between the development of strategies and the communication on how they are being delivered with key stakeholders. Improved transparency on delivery and publication of when key milestones have been met would enable organisations to relate outcomes to the strategies themselves. There is a sense at present that as delivery of strategies is internalised to the Scottish Government and its agencies, businesses are not in a position to make informed comment on achievements and successes as part of their submission to this committee. SCDI believes this is unhealthy and recommends that there is improved transparency on the delivery of strategic objectives as part of the strategy refresh.

What can be learnt from the approaches of other sub-state governments? In particular, how do the EU and international offices of other sub-state governments operate and what tangible outcomes do they achieve?

10. SCDI welcomes the committee’s research into comparable regions’ international activities and their tangible outcomes. SCDI’s recent international activity in the Bavarian region has led us to identify international best practice in collaboration between government agencies and the private sector. The Bavarian Ministry works closely with the private sector and other non-governmental business organisations to support companies in their international activities. Bavaria has one of the highest export rates in Europe with 54% of production being exported to European and international markets. For the Munich region this increases to 73-74%. This means that almost 3 out of 4 goods produced in the Munich region are exported abroad. Bavaria’s success has been attributed to the diverse support available to SME’s. The Bavarian model highlights the importance of collaboration between public and private sector organisations in driving forward export activity.

11. A report undertaken for SCDI on behalf of British Council Scotland in 2014 entitled “Scotland’s Future Workforce – Keeping Pace in the Global Skills Race" addressed the perspectives of business, education and young people in ensuring the skills required to operate in a global market. This found that even though English is the predominant language of business on the international stage, Scottish businesses were in danger of losing opportunities and being left behind through our lack of language and inter-cultural skills. As a sound appreciation of the business culture in which any company is operating is key to doing business successfully, this is an area in which better performance by Scotland can improve our ability to capitalise on opportunities. SCDI recommends that the refreshed strategy reflect the need to develop the language and inter-cultural skills of Scottish businesses in order that they are best placed to compete with their peers from other countries in international markets.

12. The Global Scot network is a valuable resource comprising high calibre individuals with unique experience and insights that supports Scottish companies in the development of their international activities. Bearing in mind the length of time for this network has existed it might be expected that it would have a significant impact on the internationalisation of Scottish business. SCDI recommends increasing the profile of the Global Scot network and making it more accessible to Scottish businesses.

13. The recognition of Education as a priority growth sector has helped Scotland’s education institutions establish a valuable network of overseas partnerships which SCDI feels could be

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further utilised to support Scotland’s export activity. SCDI’s response to the Smith Commission recommended that the Scottish Parliament should have greater flexibility over high skill/high talent migration, including the reintroduction of the post-study entitlement for overseas students. Although not contained as part of the core recommendations, its inclusion in the report shows the cross-party support that exists within Scotland for the ability to craft a different immigration policy. SCDI recommends that as part of the refresh of its international strategies, the Scottish Government and its agencies should continue to put pressure on this power to be devolved in light of the opportunities it would offer for Scotland to build its international networks.

Scottish Cities Alliance

14. The Scottish Cities Alliance (“the Alliance”) is the collaboration of Scotland’s seven cities (Aberdeen, Dundee, Edinburgh, Glasgow, Inverness, Perth and Stirling) and the Scottish Government which is strategically facilitated by the Scottish Council for Development and Industry (SCDI). It aims to attract external investment, stimulate economic activity and most importantly, create new jobs and business opportunities.

15. In SCDI’s 2010 submission to this Committee, we recommended that international strategies should be developed for each of Scotland’s cities and regions which align with Scotland’s overall international strategy and deliver against the cities’ and regions’ economic development agendas. This recommendation, which is designed to ensure that Scotland’s city regions are best placed to capitalise on their established links with international counterparts and open doors for Scottish businesses, is reflected in the Alliance’s own submission to this inquiry. SCDI is fully supportive of the Alliance’s submission to this inquiry which is available at www.scottishcities.org/policy-submissions.

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