Dear Christina,

I previously wrote to the Committee about our plans to revise the International Framework and EU Action Plan. I am pleased therefore to enclose written evidence for your Connecting Scotland inquiry. This evidence sets out the Scottish Government’s strategy for European and international engagement as well as our achievements.

I look forward to seeing how the Committee’s inquiry progresses. I have asked my officials to keep in touch with yours and I am, as ever, more than happy to discuss any aspect.

Kind regards,

Fiona Hyslop
European and External Relations Committee - Connecting Scotland Inquiry

WRITTEN SUBMISSION FROM THE SCOTTISH GOVERNMENT

1. Scotland’s International Framework, refreshed in 2012, provided a clear focus for the Scottish Government’s international engagement in a rapidly changing world. The Framework established that, to deliver sustainable growth and prosperity, the Scottish Government and our associated bodies must engage with, and participate in, the international community. In recent years, Scotland has experienced unprecedented international attention, with events including the Commonwealth Games, the Ryder Cup, the International Culture Summits and the independence referendum. This Government intends to capitalise on this momentum, by reflecting on the progress of recent years and continuing to implement a consistent strategy for European and international engagement. This submission, in response to the Committee’s call for evidence, demonstrates some of the successes of the Government’s approach.

OUR STRATEGY FOR EUROPEAN AND INTERNATIONAL ENGAGEMENT

2. European and international engagement by the Scottish Government and associated partners makes a direct contribution to the delivery of the Government Economic Strategy. This is achieved by supporting Scottish businesses to export and trade internationally; by attracting foreign direct investment; through the work we do to ensure that European legislation takes account of Scottish interests; and by promoting Scotland as a great place in which to live, learn, work, do business, invest and visit. We also exploit our international reputation for culture, heritage and skills to promote and showcase Scotland’s assets. In addition, the Scottish Government supports Scotland’s international contribution as a good global citizen, helping to meet some of the key challenges faced by the world community.

European Engagement
3. We have made substantial progress on European engagement since the current EU Action Plan was launched in 2009. This has included a continual deepening of our links with the European Commission, including in the fields of energy, the environment, health, structural funds, justice, agriculture and fisheries.

4. Our EU engagement has been bolstered by an uplift in the European Relations budget in 2013/14 from around £100k to £500k with around half of the increase being used to fund secondments to both the European Commission and rotating EU Presidencies. We currently have Scottish Government staff on secondment to the Commission in the fields of climate change, fisheries management and the environment with a further member of staff seconded to the Latvian Presidency. These secondments not only equip our staff with EU knowledge and policy skills that will be of considerable use to the Scottish Government on their return but they also enable us to improve Scotland’s reputation in the EU as a centre of knowledge and expertise in key areas. Engagement with the European Parliament (a co-legislator in most areas of EU policy) has also accelerated.

International Engagement
5. The Scottish Government’s broader international engagement centres on priority markets and priority countries, where we seek influence through deepening relationships and creating strategic alliances.
6. Our published geographic plans continue to articulate the detail of how we engage with our priority countries, including Canada, China, India, Pakistan, and the United States of America. These plans define our relationships at the country and regional level, allowing us to focus resources where we believe they will have the greatest impact. We also seek to focus on key thematic priorities which build on Scotland’s well-established reputation, for example, in relation to human rights, international development and our support for climate justice – emphasising the contribution that Scotland can make.

7. The current pattern of Scotland’s international export activity reflects Scotland’s geographical position within the EU and global markets. Europe and North America remain our biggest international export destinations and strongest sources of inward investment. These regions will therefore remain a priority. We will also continue to be vigilant of emerging and growing economies to capitalise on investment opportunities.

8. Ireland remains a priority country for Scotland with work continuing on strengthening bilateral relations including through cultural diplomacy, joint discussions on areas of possible collaboration and direct discussions on EU topics of interest. Collaboration with Ireland to secure EU funding is of key interest to Scotland. Scotland and Ireland already collaborate on a number of joint projects supported through EU funding and are working together to access funding for more of these projects. To date, some 19 projects with an overall value of €32m (£30m) involving Scottish partner organisations have been approved. These include the ISLES energy project and the Access 6 food and drink programme. These programmes highlight how Scotland and Ireland can work together to access new markets whilst recognising potential competition between us. The next call for funding is expected in early 2015 which prioritises Research and Innovation, Environment, Sustainable Transport and Health. The budget allocation is €225 million euros.

9. In addition to our focus on commercial interests, we also seek to share our cultural, educational and governmental strengths and expertise, in key growth sectors such as Creative Industries (including digital), Universities, Life Sciences, Energy (including renewables), Financial and Business Services, Food and Drink (including agriculture and fisheries) and sustainable Tourism. We are conscious of the importance of cultural diplomacy and developing Scotland’s brand, which allows us to strengthen relationships and enhance our soft power, helping to create the foundation for sustainable economic growth. Working with our partner agencies, we place specific emphasis on:

- Increasing awareness of Scotland’s key sectoral strengths, such as education, life sciences, energy and food and drink, to capitalise on shared opportunities.
- Building on our international engagement around human rights, our commitment to best practice in international development and our recognition of the importance of addressing the impact of climate change.
- Developing clear international narratives and using them to be consistent and focused in how we present ourselves as a nation.
- Staging major events to promote our world class facilities, whilst also demonstrating Scotland’s capacity to act as an international cultural hub.
- Engaging those with an affinity for Scotland to help develop networks so that business partnerships can be identified and develop.
- Facilitating learning and supporting cultural links to build business and diplomatic connections.
- Enhancing and building Scotland’s reputation as a Creative Nation.
- Deepening engagement with our priority countries and regions, seeking opportunities to extend into new and emerging markets.
KEY ACHIEVEMENTS

10. Since the publication of the EU Action Plan in 2009 and the refresh of the International Framework in 2012, we have achieved a great deal through our international activities. We have capitalised on the opportunities created by the 33 official visits Scottish Ministers made to 18 different countries in 2013 and the 41 visits to 20 countries in 2014. Working alongside our Agencies and Public Bodies, we have promoted Scotland as a great place to do business, making a crucial contribution to the Scottish Government Purpose of creating sustainable economic growth:

- Scottish international exports in 2013 (excluding oil and gas) are provisionally estimated at £27.9 billion, an increase of £1.9 billion (7.2%) since 2012.
- The Ernst & Young UK Attractiveness Survey, published in June 2014, shows that in 2013 Scotland attracted 82 global Foreign Direct Investment projects – an increase of 8% on the previous year’s figure and making Scotland the top UK region for FDI projects outside of London.
- Over the year to 2013 exports grew for all regions apart from Central and South America (down £5 million) and Asia (down £45 million). Exports increased by £1.4 billion (12.8%) to the EU 28, by £165 million to the Middle East (12.6%) and £115 million to North America (2.7%).
- Food and drink exports reached £5 billion in 2013, increasing by £10 million (0.2%) over the year and accounting for 18% of Scottish exports.
- Figures from an Independent report from Deloitte in 2013 show that tourism in Scotland was worth £11.6 billion and 292,000 jobs.
- Edinburgh’s festivals attract artists, audiences and media from over 70 countries each year, with audiences of over 4 million, generating £261 million.
- Scotland is a highly attractive destination for students, with international students accounting for 21% of enrolments at Scottish HEIs in 2013-14, but just 19% in the UK as a whole.
- Events such as Scotland Week in the US and Canada have provided a platform for Scotland to be recognised on the world stage. During Scotland Week (April 2014) over 1,000 new and safeguarded jobs were secured with a total investment of £43.9 million ($73 million) from 6 US companies.
- The 2014 Ryder Cup provided economic benefit to Scotland both locally and nationally. A full independent evaluation is being carried out by Sheffield Hallam University and will report in Spring 2015.
- Homecoming Scotland 2014 harnessed the benefits and opportunities offered by the Commonwealth Games, Ryder Cup and MTV Europe Music Awards by delivering a coordinated year-long programme of 1,048 events across Scotland.

11. Scotland continues to be a highly attractive place for inward investment, which in turn supports the Scottish economy:

- Scotland is one of Europe’s leading financial centres and is internationally recognised as the most important UK financial centre outside London and the South East. The sector employs over 91,000 people, contributing around £7 billion to Scottish GDP.
- Scotland is internationally renowned for scientific expertise with four Universities in the Times Higher Education World University Rankings top 200 (2013-2014). Universities are cited as a determining factor in almost half of all Foreign Direct Investment projects that come into Scotland.
• 650 life-sciences organisations employ nearly 35,000 people including 5 of the world top 10 contract research organisations, making Scotland one of the largest life-sciences clusters in Europe.

12. We have demonstrated Scotland’s contribution as a good global citizen, working constructively to pursue our national interests at the same time as helping to tackle challenges faced by the international community:

• The Scottish Government’s International Development Fund continued to support critical global concerns including eradicating extreme poverty and hunger, achieving universal education, promoting gender equality and empowerment of women, reducing child mortality and improving maternal health and ensuring environmental sustainability. Most recently, on 28 January, the Minister for Europe & International Development announced a total of 20 projects would be funded in Malawi between 2015 and 2018 worth over £9 million.

• Our work to protect Scotland’s national interests and economic well-being has been carried out with respect for the protection and promotion of human rights, the rule of law, democratic values, and international peace and security. In 2013 the Scottish Government launched Scotland’s National Action Plan for Human Rights, a roadmap for the realisation of all internationally recognised human rights. Scotland will continue to use its international engagement as an opportunity to help increase respect for, and understanding of, human rights worldwide, through on-going dialogue and relationship building, as well as sharing practical expertise with a view to tackling shared challenges.

13. Since 2009 Scottish Ministers have participated in European Councils across a broad range of areas including agriculture and fisheries, environment, energy, education and culture Council attendance is key to ensuring Scotland’s voice is heard in Europe and that we are in a position to influence the UK position on a range of EU related topics.

14. Key achievements in terms of the EU Action Plan since 2009 have been detailed in the six monthly updates of the Annexes to the Plan that are produced at the start of each new Presidency. These achievements predominately relate to the work of the Scottish Government’s Brussels Office, our eyes and ears in the EU, which seeks to influence the scale and scope of EU legislation, secure intelligence on emerging thinking in the Institutions and profile Scotland as a centre of excellence in a range of key areas Specific examples include:-

• Marine Energy - our work to secure a leadership position for Scotland in Brussels in the fields of wave and tidal energy. This resulted in our Chairmanship of one of the work-streams of the European Ocean Energy Forum which comprises a number of Member States and sub states. Our work with other European partners was also instrumental in persuading the European Commission to recognise marine energy as a strategic technology in 2014 and thus part of the solution to achieving its emission reduction standards

• Vanguard Initiative - Scotland is working collaboratively with a number of other like-minded sub-states to deliver economic growth through the development of enterprise driven smart specialisation strategies. We have delivered two expert working groups in Brussels around smart manufacturing and collaborated on a scoping study to identify specific areas of advanced manufacturing expertise and infrastructure in the participating regions

• Climate Change - Between 2011 and 2013, Scottish Ministers met a wide range of European Environment and Climate Change Ministers in support of UK influencing
efforts on climate change, including: Spain, Portugal, Ireland, Denmark, Finland, Belgium, Poland, Hungary, Romania, Bulgaria, Slovenia, Czech Republic, Croatia, Latvia, Estonia, Malta, Cyprus and Lithuania. The meetings, which usually took place in the margins of Environment Council, were co-ordinated with UK Ministers and sometimes supported by UK officials. Also, Scottish and Welsh Ministers on the UK Delegation to UNFCCC COP19 in Warsaw in December 2013 were given access to EU Ministers’ co-ordination meetings. In 2015, we hope to target climate change engagement at EU Green Growth Ministers and MEPs, in the run-up to the UNFCCC climate summit in Paris in December.

15. The EU is the largest trading block in the world with access to over 500 million consumers. The European Union is a vital export market for Scottish firms accounting for around 46% of Scotland’s international exports in 2013 (worth £12.9 billion) – Scotland’s Global Connections Survey 2013. Analysis published by the CEBR (Centre for Economics and Business Research) estimates that in 2011 around 336,000 jobs (around 13% of total jobs) in Scotland were associated with exports to the EU. Significant progress has been made in deepening engagement (including through Ministerial visits) with France (where Memoranda of Understanding have been signed on culture and education), Poland, Ireland and the Nordic countries. Indeed in the case of the latter, the Scottish Government, launched its Nordic-Baltic Policy Statement in March 2013 with a commitment to policy exchange in a range of areas ranging from energy and the environment to the social model. Going forward the Government is committed to developing these relationships further and deepening the bilateral relationship with Germany, a key trade and investment priority for Scotland.

LOOKING FORWARD: 2015 REFRESH OF THE INTERNATIONAL FRAMEWORK AND EU ACTION PLAN

16. In 2014 the incoming First Minister published One Scotland – Programme for Government 2014-15, which set out the Scottish Government’s legislative priorities and goals. To accompany the changing focus of activity, the Scottish Government is now seeking to update the Government Economic Strategy (GES), in which ‘Internationalisation’ will be recognised as integral in helping Scotland flourish. To support the delivery of the aims within both the Programme for Government and the refreshed GES, the Scottish Government intends to revisit its International Framework to consider how Scotland best capitalises on its successes to date and sets the direction for the future.

17. The refreshed Framework, due for publication in Spring 2015, will seek to build on recent international attention, engagement and activity undertaken since the last refresh in 2012. The International Framework and the revised GES will provide the context for how the Government, its Agencies and Public Bodies work with and across the public, private and 3rd sectors to take forward the Government’s internationalisation agenda.

18. In particular, the refresh will seek to embed and strengthen the commitments made in the Programme for Government to ensure the internationalisation agenda contributes to building a sustainable economy and to reducing inequality at home and overseas. Importantly, the Framework will draw on the “One Scotland” document to set out how by working in partnership, concentrating and targeting our efforts, collectively we will achieve the greatest possible international impact for Scotland.

19. The Framework will support the internationalisation agenda through encouraging the development of an international mind set within Scotland and contribute to building a Scotland that is able to understand and seize international opportunities. It will also provide a
strategic direction for external engagement to help Scotland influence the world around us on issues that matter to Scotland.

20. The EU Action Plan is also being refreshed. It is an important component of the International Framework, which will set out EU objectives to:
a) remain a committed European partner - drawing on the work the Scottish Government has been taking forward on the EU Reform Agenda and b) focus on securing investment, innovation and tackling inequalities, as well as developing strong partnerships with other European countries to deliver on these objectives. (in line with the European Commission’s own 2020 growth strategy)

21. We also aim to complete work on this refresh in Spring 2015. The Action Plan will sit underneath the International Framework and spans our priorities across policy portfolios. It will also highlight the value of EU membership to Scotland and our work around the EU reform agenda.

22. Individual country plans are also being refreshed, including those setting out aims for Scotland’s engagement with India, Pakistan and the Americas. Other plans will be refreshed at a later stage. These plans will aim to ensure Scotland gains increasing benefit from its relationships with specific countries and regions. They will sit underneath the International Framework and reflect the contribution of the whole of the Scottish Government, as well as partner bodies.

SCOTTISH GOVERNMENT
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