



OFFICIAL REPORT
AITHISG OIFIGEIL

Culture, Tourism, Europe and External Relations Committee

Thursday 26 January 2017

Session 5



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CULTURE, TOURISM, EUROPE AND EXTERNAL RELATIONS COMMITTEE
3rd Meeting 2017, Session 5

CONVENER

*Joan McAlpine (South Scotland) (SNP)

DEPUTY CONVENER

*Lewis Macdonald (North East Scotland) (Lab)

COMMITTEE MEMBERS

- *Jackson Carlaw (Eastwood) (Con)
- *Ross Greer (West Scotland) (Green)
- *Rachael Hamilton (South Scotland) (Con)
- *Emma Harper (South Scotland) (SNP)
- *Richard Lochhead (Moray) (SNP)
- *Stuart McMillan (Greenock and Inverclyde) (SNP)
- *Tavish Scott (Shetland Islands) (LD)

*attended

THE FOLLOWING ALSO PARTICIPATED:

- Garry Clark (Scottish Chambers of Commerce)
- Ian Gatt (Scottish Fishermen's Federation)
- Helen Martin (Scottish Trades Union Congress)
- Fiona Ross (Scottish Youth Parliament)
- Alastair Sim (Universities Scotland)
- Marina Sinclair-Chin (Law Society of Scotland)
- Claire Slipper (National Farmers Union Scotland)
- Heidi Vistisen (National Union of Students)

CLERK TO THE COMMITTEE

Katy Orr

LOCATION

The David Livingstone Room (CR6)

Scottish Parliament

Culture, Tourism, Europe and External Relations Committee

Thursday 26 January 2017

[The Convener opened the meeting at 09:08]

10:18

Meeting continued in public.

European Union Referendum (Implications for Scotland)

The Convener (Joan McAlpine): Good morning, and welcome to the third meeting of the Culture, Tourism, Europe and External Relations Committee in 2017. I remind committee members and members of the public to turn off mobile phones. Members using electronic devices to access committee papers during the meeting should ensure that they are switched to silent.

We will take evidence in a round-table format on the implications for Scotland of the European Union referendum. I welcome all our witnesses to the meeting. It is probably easier if people introduce themselves, going round the table. I will start. I am an MSP for South Scotland and the committee's convener.

Lewis Macdonald (North East Scotland) (Lab): I am an MSP for North East Scotland and the committee's deputy convener.

Fiona Ross (Scottish Youth Parliament): I am the convener of the External Affairs Committee of the Scottish Youth Parliament.

Emma Harper (South Scotland) (SNP): I am an MSP for the South Scotland region.

Heidi Vistisen (National Union of Students): I am an executive member of the National Union of Students Scotland.

Richard Lochhead (Moray) (SNP): I am the MSP for Moray.

Marina Sinclair-Chin (Law Society of Scotland): I am from the Law Society of Scotland.

Jackson Carlaw (Eastwood) (Con): I am the MSP for Eastwood.

Alastair Sim (Universities Scotland): I am the director of Universities Scotland.

Garry Clark (Scottish Chambers of Commerce): I am head of policy and research at the Scottish Chambers of Commerce.

Tavish Scott (Shetland Islands) (LD): I am the MSP for the Shetland Islands.

Helen Martin (Scottish Trades Union Congress): I am the assistant secretary of the Scottish Trades Union Congress.

Ross Greer (West Scotland) (Green): I am an MSP for West Scotland.

Claire Slipper (National Farmers Union Scotland): I am the parliamentary officer for NFU Scotland.

Rachael Hamilton (South Scotland) (Con): I am an MSP for South Scotland.

Ian Gatt (Scottish Fishermen's Federation): My day job is chief executive of the Scottish Pelagic Fishermen's Association. For those of you who do not know, pelagic fish are mackerel and herring. However, I have another role as the president of the Scottish Fishermen's Federation and I am wearing that hat for this meeting.

Stuart McMillan (Greenock and Inverclyde) (SNP): I am the MSP for Greenock and Inverclyde.

The Convener: Thank you all very much. Some of you are familiar to the committee because you have given evidence previously or have submitted written evidence, even for this inquiry. Of course, things have moved on quite a bit, as we had a speech from the Prime Minister last week that outlined the fact that the United Kingdom is no longer going to be a member of the single market. Perhaps the witnesses would like to give their thoughts on that and other aspects of the Prime Minister's speech.

Heidi Vistisen: NUS Scotland has previously submitted written evidence and motions to Parliament. The Liberal Democrats kindly lodged motions for us. We want to highlight again that the NUS believes that the single market is vital and that free movement is vital and benefits students coming to Scotland to study. As a European student, I am quite familiar with that aspect and I want to highlight today that that is very important to us. We will do our best to push that with the Prime Minister and the UK Government to ensure that we go for as soft a Brexit as possible.

Fiona Ross: That is a matter of some concern to the Scottish Youth Parliament, because leaving the European single market will impact negatively on freedom of movement. The research that we have done shows that freedom of movement is seen as an opportunity for young people in Scotland rather than a threat. We want to see freedom of movement protected.

We were glad to hear the strong commitment to workers' rights in the Prime Minister's speech, but we feel that it did not set out a sufficiently

comprehensive plan for wider social rights. There are concerns that the economic approach that the speech highlighted might happen at the expense of some of the rights to which we are accustomed. In addition, premising the argument to leave the European single market on arguments about immigration does not reflect the concerns and priorities of young people in Scotland. A poll last week showed that young people rate immigration as the second-least important issue for the Brexit negotiations; in contrast, human rights were rated as the second-highest important issue. The concerns in the Prime Minister's speech do not seem to be in line with the concerns of young people in Scotland.

The Convener: Thank you. You mentioned workers' rights; I wonder whether the STUC would like to comment on that.

Helen Martin: Yes. We welcome the commitment to workers' rights given in the Prime Minister's speech, but we were fairly sceptical that it amounted to a sufficiently strong commitment to assuage our members' concerns. We are keen to see what the Prime Minister will put into the white paper to Parliament on the issue. Workers' rights is certainly our number 1 issue and we are very concerned about Brexit being used as a way to reduce hard-won workers' rights within the economy. The European Union has provided a very good structure for the defence of those rights and many issues around them were driven by European legislation.

We were disappointed that the Prime Minister chose to make a media speech on the issue, rather than go and speak to Parliament. It was also extremely disappointing for us that it took a Supreme Court ruling to bring the Prime Minister to realise that she could not make decisions on her own. It is essential that the Westminster Parliament gets the opportunity to scrutinise and debate the UK Government's negotiating priorities going forward. It is wrong that the Prime Minister should stand up and say that, because she has decided it, we are leaving the single market. The matter has to be scrutinised and debated in Parliament.

Further, irrespective of the Supreme Court judgment, the UK Government has a moral and democratic duty to consult the devolved Administrations, seek their views and ensure that the priorities of Scotland, Wales and Northern Ireland are reflected in the negotiating priorities. We think that that will be a test of our democracy going forward and that, so far, the Prime Minister is not living up to her requirements in that regard.

The Convener: Does anyone else want to come in?

Claire Slipper: Yes. Hi, and thank you for having me back today.

From the outset, NFU Scotland has said that retaining access to the EU market without barriers or any new tariffs or obstacles to trade would be a major priority for our industry. The freedom to set our own appropriate rules for farming is also an important priority. Remaining in the single market would have been the easiest way to retain that. Now that we know that we will leave the single market, the focus is on creating the best and the boldest free trade agreement with the rest of the EU that we can possibly get. New export statistics came out yesterday that indicated that food and drink exports from Scotland to the EU were worth £1.8 billion in 2015, so that is clearly a major issue for us.

I am sure that we will discuss free-trade agreements later on, but it is important for me to say that the key concern is that such an agreement might place restrictions on access to labour, which is a huge issue for our industry. Another concern is that an FTA that is not done correctly could result in an increase in food imports, which could be hugely damaging for our industry. That is not only about the loss of provenance on the Scottish label; it would also potentially export jobs, incomes, communities, welfare standards and environmental responsibilities out of Scotland. We hope that that is recognised by the UK and Scottish Governments.

Alastair Sim: I will remark on the Prime Minister's speech. It was possibly a bit of a mixed bag for us. There were some useful suggestions of direction, but we would really want to see what is delivered.

Universities are obviously absolutely dependent on the free flow of both student talent and staff talent across borders. We were enormously pleased earlier this week when the First Minister and Ms Somerville came to our event to say that Scotland's universities welcome the world and that we are committed to being as open as possible to the movement of international talent. The Prime Minister said something useful in that regard when she said that we want to

"continue to attract the brightest and the best to work or study in Britain—indeed openness to international talent must remain one of this country's most distinctive assets".

We really want to see that delivered. There is quite a difficult dynamic when, on the one hand there is that statement of openness and, on the other hand, following Amber Rudd's speech to the Conservative conference, there is also still a dynamic that seems to be heading in the direction of having a more restrictive attitude to the migration of the talent that sustains our universities.

Similarly, on the rights of EU citizens resident in the UK, I think that I have said before in this forum how difficult it is for university leaders who are approached by staff from EU nations, who have often been resident in Scotland for a long time and who ask, “Look, I do not know what my family’s entitlements will be in future, not just to stay but to access public services. Will I still be able to use the health service on the same basis as a UK citizen? What happens to my kids going to school?” and so on.

The Prime Minister said something useful when she said that she wanted

“to guarantee the rights of EU citizens who are already living in Britain”.

I would like to see that computised. What does that mean in terms of rights not just to stay but to access public services? In addition, what will it mean for our ability to attract staff from the EU? When universities run a competition to get the best possible staff for a role, they already face the problem that staff from the EU are having to think very seriously about whether to take up an offer from a university in the UK. There is certainly anecdotal evidence that some people are saying, “I do not know enough about what my entitlements would be to make that choice on behalf of myself and my family.”

A third element on which I think that there was a hint of going in the right direction, which again needs to be followed through, is research collaboration with the EU. I think that I have said before in this forum that horizon 2020—not just the money but particularly sustaining relationships of collaboration with our neighbours—has been really important for the excellence of universities in Scotland. The Prime Minister indicated that she was open to an agreement to continue to collaborate with her European partners on science, research and technology. One would want to see that built on in a concrete way. Does it mean that, potentially, the UK Government is prepared to buy in to horizon 2020 and support the real density of academic collaboration that exists throughout the EU?

10:30

Richard Lochhead: Thank you to everyone for coming to give evidence. One of the themes that I am keen to explore is where Scotland stands on soft Brexit versus hard Brexit. As some people have indicated, we may well be on the way to leaving the single market, which is hard Brexit, unless Scotland is able to negotiate something bespoke to our needs.

From what I have gleaned from the debate, the most representative of the leave camp in Scotland—the 38 per cent—are the farmers and

fishermen. About two thirds, if not three quarters, of the farmers who I have spoken to since the EU referendum voted to leave, and virtually every member of the catching sector of the fishing industry whom I have heard speak about the subject backed leave. My question is for the farming and fishing representatives here. When it comes to your members, is it your view that those who voted to leave would have preferred a soft Brexit as supposed to a hard Brexit?

Claire Slipper: As you know, prior to the referendum the NFUS came out in favour of remaining in, purely on a business case. Our industry is not only heavily supported by the EU but, as I touched on my opening remarks, there is the trade issue. As you said, the industry was fairly split. A lot of it came down to the rules and regulations. The industry felt that its hands were tied by red tape and that, if we were outside the EU, we might be able to build a more outward-looking future for ourselves.

The question about hard versus soft Brexit is difficult to answer. We need much more detail about what each option would look like. If we are referring to soft, that might mean remaining within the EU single market. However, if Scotland is to remain in but the rest of the UK comes out, where does that leave us in terms of cross-border trade? As to hard Brexit, as I touched on in my opening remarks it entirely depends on the sort of free-trade agreements that we would be looking at and whether we would still be able to sell our produce, not just to an EU market but to an international market.

It would be naive for the industry to assume that, if we are coming out of the single market, we will be able to build a brand new, shiny system, free of all the rules and regulations that farmers often complain about. The EU will remain a significant trading partner and it is likely that whatever system we build for ourselves will have to have some element of regulatory alignment with theirs. Likewise, we will be constrained to some extent by the likes of World Trade Organization rules.

We need a better idea from the Government, though. We have had a little bit from the Prime Minister about what she sees the future looking like, but we need much more detail about how that will impact upon our different sectors.

Ian Gatt: I suppose that I am unique in this room in the sense that, as Mr Lochhead said, our industry has been very clear that leaving the EU is a huge opportunity for our industry on a number of fronts, one of which is the release of our industry from the common fisheries policy. As far as we are concerned, the CFP is a centralised management system that has played its part in the demise of some of our coastal communities. In relation to

things like our fishing opportunity and quotas, it is a mind-boggling system.

I have sat through close to 20 years of December fisheries councils, 10 of which were with Richard Lochhead—two when he was shadow minister and eight when he was minister. Every time, we would sit in Scotland's building in Brussels—Scotland House—and say, "There must be a better way to manage fisheries than this." I think that the Parliament probably agrees with that. We see this as an opportunity to have a better system of management in place on two fronts: the sustainability of our stocks, and the economic profitability of the entire sector.

The other main issue in terms of a hard or soft Brexit is the market. Our sector certainly needs a market, as we largely export. The home market is important but the international market is important, too. Post-Brexit, we definitely need a trade deal so that we can trade with the EU, but there are also huge opportunities to trade with other importing and exporting nations across the world. Naturally, continued tariff-free access to the European market is absolutely our preferred option.

In the event that that is no longer possible, it will be a huge benefit not only for the UK but for the EU to have a mutually beneficial trading relationship that involves low-impact tariffs and tariff-free quotas. There are opportunities even outside the customs union to access other markets, especially for fish and shellfish that we can freeze. Places such as India and Turkey spring to mind straight away. There are big populations there and there could be huge demand for Scottish produce.

There are opportunities, but our huge caveat is that the key issue with Brexit is access to our resource. We do not want access to the single market to be traded against access to our fisheries zone. Access is key to our success post-Brexit. It means that, on day 1 after Brexit, we are in control of who comes into our waters and how much fish they are catching. That is key to the future prosperity of the industry.

We know that, currently, of the European Union catch in UK waters, 60 per cent is taken by non-UK vessels. We do not see that as a system that is right or proper for an industry in a coastal state. We need to rebalance that situation.

The Convener: Thank you. Tavish Scott, do you want to come in on that?

Tavish Scott: Can I ask a supplementary to Garry Clark and Ian Gatt?

The Convener: Could we perhaps stay with fishing for the moment? I think that Richard Lochhead wants to come back in.

Tavish Scott: I will start with that.

In the Prime Minister's speech a week past Tuesday, she specifically mentioned Spanish fishermen, which did not go unnoticed among the fishermen of Shetland. She certainly did not mention Scottish, English, Welsh or for that matter Northern Irish fishermen. In the context of Ian Gatt's observation about what could be traded away, and given what has happened in the past, I ask him whether he has any reflections on that.

Ian Gatt: Our clear fear is that we will be used as a bargaining chip to secure other things. We will achieve the vision of profitability and rejuvenating our coastal communities only if we are in control of our own destiny. It is certainly a fear. What the Prime Minister meant when she talked about Spanish fishermen was not at all clear, and we are actively seeking clarification on that. That is clearly a worry.

Richard Lochhead: My question is in a similar vein. I would never criticise any fishermen in the catching sector for voting for Brexit for the purpose of coming out of the common fisheries policy. What the Prime Minister said in her speech seemed clear to me—it was that the reason why she is confident about being able to get what in her view is a good trade deal with the EU is that countries such as Spain will want to negotiate continued access for Spanish fishermen to Scottish waters. What is your message to the Prime Minister?

Ian Gatt: I think that you are right. The fear is that we will be used as a bargaining chip. However, we are absolutely clear that our having control of access to our fisheries should not be traded away for access to the market. That is key, because if we have not got control of access to our fisheries, there is no way that we can go forward with the vision that we are promoting through the sea of opportunity campaign, which is that we can build the coastal communities back up to where they were. Access is absolutely key for us.

Stuart McMillan: I have a brief supplementary on trade and fishing. As the UK seeks as good a deal as possible, there will be wider implications with regard to issues that EU nation states will want to put on the table. Tavish Scott highlighted issues regarding Spanish fishermen, and in order for some sort of trade deal to be done, access to fishing waters in Scotland might have to be part of that. Has your organisation fully considered that issue?

Ian Gatt: We have fully considered it. We think that the balance comes down on the side of ensuring that we have control over access rather than trading it away with the market. The market is hugely important but one of the things that is forgotten in the debate is that, of course, Europe will want to trade with the UK, so there is a mutual

interest in ensuring that we get a trading deal that benefits us both. However, on balance, we see getting back control of our resource as the most important thing.

Lewis Macdonald: I completely understand the point about control of the resource being the top priority for the fishing sector. What is the current state of play in terms of the market? What share of the Scottish catch goes to the European Union outwith the UK and what share goes to markets beyond the European Union?

Ian Gatt: There is no doubt that the majority of fish that we export goes into the European Union. I think that, last year, it amounted to about £450 million of our sales. That market is important. However, we are not as pessimistic as a lot of people are about trying to strike a trade deal, because we think that it is in the European Union's interest to trade with Scotland.

As I said, our principal point is that we do not want to see the market traded against access to our resource.

The Convener: I know that a number of members wish to come in, but I would like to restrict the discussion to fishing at the moment.

Does Emma Harper have a question about fishing?

Emma Harper: No.

The Convener: Is Ross Greer's question about fishing?

Ross Greer: No.

The Convener: A number of members of the committee have just come back from a visit to Brussels, where we had extensive conversations with MEPs, experts and representatives of various organisations. What came across strongly is that the Spanish are extremely concerned about sovereignty over Gibraltar, and that that will emerge as a key issue in the negotiations. Obviously, in return for giving up Gibraltar, they will drive a hard bargain. Are you concerned about the possibility that access to Scottish and UK fishing grounds might be an aspect of that? Has the specific subject of Gibraltar been raised with you as well?

Ian Gatt: It has not. You make an interesting point.

I know that it seems that the fishing community across Europe is wide and diverse, but we meet our European colleagues and we know that they are working actively on strands of argumentation that they can put forward to ensure that they maintain their present access arrangements. Your suggestion does not surprise me. However, as I say, we see a huge opportunity for Scotland to

grow the industry, and I think that we should grasp it.

Emma Harper: My question is specifically about farming. The NFUS is going through elections for a new president and vice-president—obviously, that puts another spanner in the Brexit works. My questions are about the red tape that has been mentioned and the difficulties that farmers are experiencing in that regard.

When I speak to farmers, I see that some of them are genuinely excited about Brexit, whereas others are extremely concerned about the potential for there to be 42 per cent tariffs on dairy products or higher tariffs on beef and sheep. Whether they are in the Highlands or in the south of Scotland, where I am from, and whether they are dairy farmers or whatever, should our farmers be concerned about the prospect of a hard Brexit? I am curious about why they would be excited about it.

10:45

Claire Slipper: As I said, different trade scenarios will have different impacts for different sectors of agricultural industry. Although our response to the Brexit scenario to date has been a sort of Scottish agriculture PLC response, we are trying to get a much better understanding of the impacts on different sectors of agricultural industry of various potential tariffs as well as non-tariff barriers. In terms of outward exports, something that might be quite useful for one sector, such as the dairy industry, might be extremely dangerous for others, such as the livestock guys. We are in the process of gathering much better information on the likely trade scenarios and their impacts. We are putting that to our members and asking them what we should be pushing for.

As I said, it would be desirable if we could emulate what we have at the moment, in terms of the balance of trade. The UK is a net importer, so perhaps we could have a better balance with regard to self-sufficiency. It is a hugely complex area and, as I said in answer to a previous question, on free-trade agreements, we have serious concerns about our capability to negotiate a bilateral deal that will suit all sectors of agricultural industry within the two-year timeframe. It seems as if there is a serious challenge ahead.

Ross Greer: Many of, if not all, the organisations that are around the table welcomed, to one extent or another, the Scottish Government's proposals in "Scotland's Place in Europe". Off the back of the Prime Minister's speech, have you had any further thoughts on the Scottish Government's proposals and how compatible they are with the position that the UK Government has outlined?

Helen Martin: We welcomed the Scottish Government's piece of work. At the time, it was the only piece of work that had been done that looked in any detail at what a solution might be. To be clear, we welcomed the fact that the piece of work had been done; we did not necessarily welcome the proposals, because we had yet not got there in our thinking on our policy.

We have now heard from the Prime Minister. That has raised significant potential challenges around how her vision and the Scottish Government's vision might be married together. The Scottish Government's paper said quite clearly that if Scotland maintained its single market access, it would maintain its access to the UK market at the same time. As trade unionists, we do not have a defined policy on what we want to see going forward, but we have priorities. We want to defend workers' rights, social protections and jobs through market access—making sure that our employers can trade freely in their priority markets. We also want to make gains where possible: we want to see a better industrial strategy; we want it to be possible for state aid to be given to industries, which is currently prevented by European rules; and we want to see the living wage promoted through procurement. We would like to look at where we can make gains in those areas.

The question for us is how we ensure that priorities, whether they are the priorities in the UK Government's proposals or the priorities in the Scottish Government's proposals, are met. There are significant challenges in "Scotland's Place in Europe" about how access to the different markets would be ensured, for example. We would want to be sure about the choices that we are making and we would not want to see any unintended consequences for industries in which we have members. Quite a lot of thinking needs to be done around that, and we will be looking further at it.

The Convener: Do any other witnesses want to come in on that point?

Marina Sinclair-Chin: We also welcomed the fact that the Scottish Government produced its paper. It is important to start looking in detail at what will be debated. In the Scottish Government's paper there is a clear preference to remain in the single market, whereas the Prime Minister stated clearly in her speech that that is not the UK's position. That will obviously bring up some challenges, but the fact of the matter is that the range of possible outcomes is still extremely wide, and there are a lot of issues that we need to look at.

Whatever the framework ends up being for Scotland and the UK, and whatever our relationships with the EU, we need to consider how we will protect citizens' rights and ensure that

everybody enjoys certainty in the law and stability. That can be done in many different ways, but we need to start to listen to and hear what both sides are debating in the weeks ahead.

The Convener: I want to follow up on that. The Prime Minister was very specific about leaving the jurisdiction of the European Court of Justice. When the committee was in Europe, it came across strongly from the people to whom we spoke that any free-trade agreement or access to the market would require the UK to sign up to a regulatory framework, and there would have to be an arbiter. There was a big question mark over what the arbiter would be if the European Court of Justice was not to arbitrate on such things. What is the Law Society of Scotland's view on that?

Marina Sinclair-Chin: You are right that the Prime Minister specifically said that we do not want to take part in the European Court of Justice any more. What terms will be agreed for any deal are a matter for political negotiation, and we will have to wait and see what comes forward.

The Law Society of Scotland has concerns about what will happen to current pending cases. People already have cases that are en route to the European Court of Justice or cases that might end up being referred to it in the future. We have looked at a couple of ideas on how to ensure that those people are still able to access decisions and resolve their cases, but we need to look into that further.

The Convener: Okay. Thank you.

I am aware that we have not heard from Garry Clark yet. I do not know whether you are being particularly shy this morning, Mr Clark. You are not usually shy.

Garry Clark: No—I am happy to contribute.

The discussion has been interesting. With the greatest respect, our members are probably less interested in what the politicians are saying than in their own priorities being met and the politicians responding positively to them.

On the relationship with the EU, our members, in common with others around the table, have a clear priority of ensuring continued tariff-free access to the single market. There is also a desire to ensure that we have an adequate supply of labour from international marketplaces. It is clear that remaining in the single market would have been an obvious way of addressing those issues, but that is not to say that they cannot be addressed from outside the single market, as others have already mentioned.

We want a clear deal that ensures access to the single market that is tariff free, or as tariff-free as possible, and clear guarantees on the rights of EU citizens who are already here to work here. We

also want to expand the ability of people from the EU and elsewhere to come to Scotland to work and take part in our economy, because we believe that there is a clear economic need for that. Whether it is approached from the point of view of free movement or managed immigration, there is a clear economic need in Scotland to ensure that people come to our country to study in our universities or work in our businesses. Our members have stated those clear priorities to us.

Just the other week, I met a range of our members from a variety of sectors. They did not want to talk about the politics of Brexit, as they were fed up with that; rather, they wanted to talk about how they would realise the aspirations that they need to realise to ensure that they can continue to operate their businesses as they have done and explore new opportunities.

Lewis Macdonald: That is very interesting.

We have heard from a number of witnesses about completely understandable and desirable objectives that are potentially in contradiction with one another. Helen Martin's point about procurement and state aid is very important. When we were in Brussels, we met Esther Lynch from the European Trade Union Confederation, who talked about the work that had been done to change social clauses so that they can be used in public procurement. She also spoke about reforms that were being pursued in relation to the posted workers directive to allow trade unions to have a more active say on a national basis as well as across the EU as a whole.

We have talked about access to the single market, which is clearly important for business, farming and the seafood sector. What mechanisms are your organisations considering that would allow us to have a future influence on policy in Europe? Even if we were a member of the single market outwith the EU, we would not have a direct role in influencing policy. What other options are available that would enable us to influence policy in areas that clearly affect this country, whether we are inside the single market, outside the single market or seeking to negotiate a free-trade arrangement?

Helen Martin: That is one of our key issues. We were a remain organisation—we really wanted the UK to remain in the EU—but we were not a remain organisation with no caveats. We advocated a position of remain and reform, and it was a key part of our position that we thought that being a member of the EU gave us the greatest ability to reform the European project, to bring in the social dimensions and to do the sorts of things that Mr Macdonald mentioned in relation to procurement regulation and the posted workers directive. That was a key part of why we thought that it was

essential that the UK maintained its membership of the EU.

One of the things that we will be thinking about is what the other options provide by way of influence. The Scottish Government's paper talked about European Free Trade Association membership for the UK, and potentially for Scotland. We have done some fact finding with Norwegian trade unions and with the EFTA co-ordinating committee that does the social dialogue, and we have talked about what EFTA's influence looks like and how EFTA members influence EU decisions. We received a clear indication from everyone that there are no opportunities to exert an influence. Never before have I heard so many people tell me so clearly that they have no influence over the rules that govern their lives. We would need to think hard about whether it would be acceptable to have no influence over the decisions that were made and the policies that were adopted.

As trade unionists, we will always have a certain level of influence, because we will always have our trade union structures: we will have the ETUC and we will be able to continue to work together across Europe and internationally in the way that we do. Those structures are not related to the EU, so they will not be torn down regardless of what we do as regards our membership of the EU. In some ways, we are trying to strengthen the arrangements that govern our relationship with the ETUC and other key trade union centres in Europe in preparation for the negotiations.

The Convener: I would like to follow up on that. When it comes to EFTA, again the UK Government's proposal is that we would be outside it. We have been told in Brussels that countries that want to sell into the market must abide by the rules and regulations. You say that EFTA membership is not satisfactory. We have taken evidence on that, but if we were outside EU and were not a member of EFTA either, we would have no influence at all, but we would still have to obey the rules if we wanted to sell into the market.

Helen Martin: We absolutely recognise that point. Europe just does not go away, which is why we were a remain organisation and, to an extent, we still think that the best option is to be an EU member, even though it feels as if that ship has sailed.

As far as the negotiations with the EU are concerned, it is clear that we will have to negotiate some form of relationship and trade deal. For us, it would be good to have a clear understanding of what regulations will apply, and we hope that many social regulations will still apply at the end of the process. We would like the European Court of Justice to continue to have a role to play in the UK, because its findings have been good in

defending workers' rights. Such priorities are potentially quite difficult to achieve, and we recognise how many questions will need to be resolved.

As I say, we will have to debate and bottom out those questions in our own movement. However, we have a range of priorities, and we hope to see those achieved.

11:00

Stuart McMillan: In recent weeks and months, it has been suggested that the automotive sector is an example of one for which a preferential deal might be made. Obviously, you are here to represent your organisations, so you are pushing your own cases. If, at some point, a deal is achieved—and bearing it in mind that there will first be a transition deal before the final one—there will be winners and losers. What discussions are taking place in your organisations to make sure that you push in the strongest possible terms for your sectors? What discussions have taken place about the event that your sector ends up not being one of the winners?

Heidi Vistisen: NUS Scotland, which represents 500,000 students, has made it quite clear that it would be detrimental if we were to lose out on direct EU funding. Alastair Sim has made the same point. The issue affects not only our universities, but our colleges. If any of the negotiations do not benefit the students and the future of our country, it would be detrimental; there would almost be no benefactors in that situation. In her speech, Theresa May said that she wants the UK to be at the forefront of research and education. How can we do that with the lack of funding that will come following our departure from the EU?

That is almost not an answer to your question, because there is, almost, no answer. We have no structures or guarantees in place for the students, the universities and the colleges to get that funding from the UK.

Alastair Sim: I will respond to Stuart McMillan's point about the channels of influence. An important issue for us is that this Parliament has a clear voice that is heard. We have had consistent cross-party support for ensuring that we are able to attract student and staff talent from across the European Union and beyond, and that we are able to collaborate in the research networks that help to make Scotland such an excellent place in terms of brilliant and impactful research. If we can maintain that consistent cross-party voice from Scotland, it should have some force in the UK's overall consideration of its priorities.

Universities Scotland works with our affiliate organisation, Universities UK, which is giving

similar messages to the UK Government. I hope that we have seen that reflected, to some extent, in the Prime Minister's speech.

There are two tracks of influence, but the extraordinary cross-party consensus on ensuring that Scotland's universities are open to the world is an important part of the weight of the argument.

The Convener: Obviously, universities throughout the UK are important, but would it be fair to say that the university sector in Scotland is, because of the size of our economy, proportionally more important than the university sector in the rest of the UK?

Alastair Sim: That is right. A couple of sectors—the financial and oil and gas sectors—have bigger economic impacts, but beyond those there is not much that is bigger than our university sector, which has about 40,000 direct employees and indirect employs about 150,000. In Dundee city region, for example, a large percentage of employment traces back to powerful and excellent universities. On the advice that we have had, we rate the universities' overall economic impact at a bit more than £7 billion. That impact is recognised and has been robustly argued for on a cross-party basis. That should carry weight.

Garry Clark: A case has been made for a special deal for the automotive industry. I hope that it is not about winners and losers, but about making sure that each sector—SCC represents a wide range of sectors—is treated appropriately.

In the automotive and aerospace industries, so much is done on a cross-border basis that it is essential that some form of deal be done—to remain within the customs union or whatever—to ensure that they can continue to operate as smoothly they operate at the moment. That would be in the UK's interests, and in the interests of businesses in other member states.

The issue is about getting the most appropriate solution. As I have said, for most of our members that is about making sure that tariff barriers are as low as possible, because tariffs are often the deciding factor in whether a business is able to retain its margins or will struggle.

The Convener: As one senior European politician has told us, if you want something you have to be prepared to concede something in order to get it.

Lewis Macdonald: I want to comment on Garry Clark's points because, in a way, they feed into my previous question, which Helen Martin answered fully. Clearly, businesses must be concerned not just about tariffs, but about non-tariff barriers and the requirement to comply with European standards. Given that none of the solutions that are on the table offers access to the setting of

those standards, how could business influence standard setting or customs requirements if we are outwith the European customs union?

Garry Clark: There is a long way to go on that issue. I know that SCC's members operate within, and are familiar with, the existing standards—and there are sometimes difficulties with aspects even in the single market. Many have expressed to us their optimism and hope that, given that we are familiar with and engaged in meeting those standards, even if we were outside the single market we would at least have, in the first instance, a better chance of achieving a trade deal and of continuing to work within those standards. The difficulty will come if the standards change. We would then have to look at the flexibility in any single market agreement that we came to with the EU in order for business to be able to reflect that and, in the longer term, for our national legislation and regulation to reflect it, too.

Lewis Macdonald: I am keen to understand that point. On day 1, the standards would be identical, but they would begin to diverge on day 2. Does that issue need to be part of a free-trade agreement? How do you envisage avoiding that becoming a—

Garry Clark: Any agreement that the UK comes to on access to the single market will need to cover such detail. As others have said, that will take significant time. It is important that we do that, and it is important that we have robust transitional arrangements that allow us not to lose out in any agreement.

The Convener: Is there an understanding that there will not be a deal within two years?

Garry Clark: That is a difficult question. We represent businesses of many different sizes. Many businesses' expectations are realistic—in particular, those that have previously engaged at European level and know the glacial pace at which things operate, not only in Europe but internationally. Other businesses might have different expectations. Therefore, we need to ensure not just that we get the right deal at the end of the day, but that we have a flexible transitional arrangement through which businesses do not lose out. We cannot afford to lose businesses along the way to reaching a formal trade agreement with the EU.

The Convener: It is fair to say that the European politicians to whom we have spoken were very clear that the free-trade discussions will happen two years after the exit deal has been completed. Was what the Prime Minister said about transitional arrangements in her speech robust enough?

Garry Clark: I do not want to get drawn into the sort of politics that our members are frustrated

with. The Prime Minister's speech told us more about the starting point and where we are—it did not tell us any more about the end point. From that point of view, we are still lacking clarity and do not know where we are going to end up. We know what our priorities are, and we will continue to reinforce those with the Scottish Government, with the UK Government and with our colleagues in chambers of commerce not just in the rest of the UK but across Europe. The Prime Minister's speech told us a bit more about the starting point, but we know absolutely nothing more about the end point.

The Convener: Ross Greer wants to come in.

Ross Greer: My question is on a different point. Does Lewis Macdonald have a supplementary question?

Lewis Macdonald: I was, simply to follow the line of questioning, going to ask all the witnesses a wider question about transitional arrangements.

The Convener: Do any of the other witnesses have anything to say about transitional arrangements?

Lewis Macdonald: My particular point is that, when we were in Brussels, we had a full discussion with the law societies of the UK about the possibilities for transitional arrangements, which included the possibility that WTO rules would allow transitional arrangements to last for as long as 10 years. That seems to mirror what people have been saying about the time that it is likely to take to negotiate a final outcome.

I wonder whether the Law Society of Scotland and others that have a close interest in that question have a view on the potential transitional arrangements. As Garry Clark said, we start from a position of complying entirely with all European requirements, but we do not know where we will be 10 years down the road. Is it the Law Society's view that the transitional arrangements could maintain quite a lot of the existing standards and requirements over quite a large part of that 10-year period?

Marina Sinclair-Chin: You are right that the WTO rules say that you can have up to 10 years to get the arrangements settled. Realistically, whether any of the parties involved will be happy with a 10-year transition remains to be seen. There are a lot of complicated issues to be dealt with during the transition. I believe that the Prime Minister was talking about a phased transition and dealing with different parts at different times. However, the ultimate timescales for that will depend on all the many countries that are involved in the agreement.

The Convener: It is fair to say that I did not pick up a great deal of enthusiasm for that option when I was in Brussels.

11:15

Meeting continued in private until 11:32.

Ross Greer: My question is for Fiona Ross and Heidi Vistisen, and is specifically about representation of their organisations and the large groups of people whom they represent. The Scottish Youth Parliament lobbied to have representation on the standing council. We are entering the next phase and negotiations will start in a few months. How do you expect to be engaged in that process?

Fiona Ross: That is a question we have to consider very seriously, and which I urge the committee to bring into its considerations. Although a number of organisations here represent important sectors in Scotland, I represent a whole generation of Scots, and that comes with a lot of problems. There are a lot of different voices with a lot of different opinions, but they have to be listened to.

We back the suggestion that the Together (Scottish Alliance for Children's Rights) has submitted to the committee, that an expert on children's and young people's rights be appointed to the advisory panel. We also definitely seek further engagement with the committee—I thank you for having us here today—and suggest that you bring other young people in to work with you. That would be a fantastic way for you to get a sense of the diversity of voices that exist among them.

Heidi Vistisen: Thank you for the question. I reiterate what Fiona Ross just said; we are pleased to be sitting here at the table, reflecting our experiences. Let me say something about the diversity of the people whom we represent. I am a European student—I came here five years ago and I am not planning to leave unless I am kicked out. It is vital that we have the opportunity to sit at this table and make sure that the voices of students and young people are heard, and we would be very pleased to be invited back to answer questions specifically on students. We have made clear our views in the statements that we have released, and we will not stop pushing them. The committee should also remember that not all students are young people—we represent generations that are not represented by the Scottish Youth Parliament.

The Convener: Thank you very much. We are grateful that you could be here today. The committee has been discussing plans for further engagement with young people.

I thank our witnesses.

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