



**OFFICIAL REPORT**  
AITHISG OIFIGEIL

# Economy, Jobs and Fair Work Committee

**Tuesday 17 April 2018**

**Session 5**



The Scottish Parliament  
Pàrlamaid na h-Alba

© Parliamentary copyright. Scottish Parliamentary Corporate Body

Information on the Scottish Parliament's copyright policy can be found on the website - [www.parliament.scot](http://www.parliament.scot) or by contacting Public Information on 0131 348 5000

---

**Tuesday 17 April 2018**

**CONTENTS**

	<b>Col.</b>
<b>INTERESTS</b> .....	1
<b>DECISION ON TAKING BUSINESS IN PRIVATE</b> .....	2
<b>SCOTLAND'S ECONOMIC PERFORMANCE</b> .....	3

---

**ECONOMY, JOBS AND FAIR WORK COMMITTEE**  
**12<sup>th</sup> Meeting 2018, Session 5**

**CONVENER**

\*Gordon Lindhurst (Lothian) (Con)

**DEPUTY CONVENER**

\*John Mason (Glasgow Shettleston) (SNP)

**COMMITTEE MEMBERS**

\*Tom Arthur (Renfrewshire South) (SNP)

\*Jackie Baillie (Dumbarton) (Lab)

\*Colin Beattie (Midlothian North and Musselburgh) (SNP)

Kezia Dugdale (Lothian) (Lab)

Jamie Halcro Johnston (Highlands and Islands) (Con)

Dean Lockhart (Mid Scotland and Fife) (Con)

\*Gordon MacDonald (Edinburgh Pentlands) (SNP)

\*Gillian Martin (Aberdeenshire East) (SNP)

\*Andy Wightman (Lothian) (Green)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Karen Betts (Scotch Whisky Association)

James Brodie (China-Britain Business Council)

Neil Francis (Scottish Development International)

Tom Mason (North East Scotland) (Con) (Committee Substitute)

Paul Sheerin (Scottish Engineering)

Clare Slipper (NFU Scotland)

**CLERK TO THE COMMITTEE**

Alison Walker

**LOCATION**

The David Livingstone Room (CR6)



## Scottish Parliament

### Economy, Jobs and Fair Work Committee

*Tuesday 17 April 2018*

*[The Convener opened the meeting at 10:29]*

#### Interests

**The Convener (Gordon Lindhurst):** Good morning, and welcome to the Economy, Jobs and Fair Work Committee's 12th meeting in 2018. I remind everyone in the public gallery to switch any electrical devices to silent so as not to interfere with proceedings. We have apologies from committee members Kezia Dugdale, Jamie Halcro Johnston and Dean Lockhart. I welcome Tom Mason as a substitute for the latter. At item 1 on our agenda, I invite Mr Mason to declare any relevant interests.

**Tom Mason (North East Scotland) (Con):** I remain a member of Aberdeen City Council, and my small consultancy firm deals extensively with China.

**The Convener:** Are there any declarations of interest from other committee members?

**Jackie Baillie (Dumbarton) (Lab):** Yes, convener—it will not have escaped your attention that I, like Paul Sheerin, am a director of Strathleven Regeneration CIC, a community interest company, although I am sure that that will not make me any kinder to him.

**The Convener:** All right; thank you.

## Decision on Taking Business in Private

10:30

**The Convener:** Item 2 is a decision for the committee on whether to take in private items 4 and 5. Do members agree to do so?

**Members** *indicated agreement.*

## Scotland's Economic Performance

10:31

**The Convener:** We turn to our inquiry into Scotland's economic performance, and I welcome our witnesses. In no particular order, we have with us Paul Sheerin—he has just been mentioned—who is chief executive officer of Scottish Engineering; Karen Betts, who is chief executive officer of the Scotch Whisky Association; Neil Francis, who is interim managing director of Scottish Development International; James Brodie, who is director and Scotland and China business adviser at the China-Britain Business Council; and, last but not least, Clare Slipper, who is political affairs manager at NFU Scotland. I thank you all for coming along.

I start with a fairly general question about Scotland's competitiveness in the international market. Where is Scotland most and least competitive internationally?

First, I should say that the sound desk will operate the microphones. In addition, it is not necessary for each of you to respond to every question; we will try to let the discussion flow. If you would like to add any detail to your evidence or are unable to respond to a question today, you can write to the committee. Who would like to start with the opening question? Are there any volunteers?

**Paul Sheerin (Scottish Engineering):** From an engineering and manufacturing point of view, I see evidence that we are competitive in manufacturing worldwide. I have recently seen evidence to show that companies that manufacture products for the aerospace and space industries are winning business in Italy. They are doing so because they are innovative, and because they have invested time, effort and energy in developing lean manufacturing practices, from which they are now seeing results. The companies that are successful in that respect are by no means unique; they are—mostly—on the same path as other companies in Scotland. The challenge for the other companies is to open the door, and open their mindset, to the idea of targeting export as a successful way to increase their business.

**The Convener:** You mentioned Italy. Post the UK leaving the European Union, should Scottish companies develop a change in emphasis in where they seek markets internationally, or will nothing change as a result? Do you have a view on that?

**Paul Sheerin:** We are maybe two minutes in, and we get to the B word. The real challenge for

Scottish engineering and manufacturing companies is the famous lack of clarity. Engineers are by nature pragmatic—in some ways, we almost like a problem; that is why we are in the industry. We like to say, "That's tough—how am I going to fix it?" First, however, we need to know what the problem is. I have not yet met a company that has anything nice to say about the prospect of Brexit, but in general companies are saying, "Once we know what it is, we'll roll our sleeves up and get on with it." The problem is, however, that we do not know what it is. Right now, those who are watching and following developments closely are saying that, while there may be snippets of supposed clarity, nothing is agreed until everything is agreed. As we all know, there are some big questions that are holding out on the final goal of everything being agreed. That is the real challenge. The companies that are expanding into exporting to Italy and the rest of Europe in particular are saying, "What is this going to look like later?" However, right now, they cannot say, "If I do A, B and C, I will be able to take account of the issues and work round them", because they do not know what they are facing.

**The Convener:** Would anyone else like to come in on the question of where Scotland is strong or weak internationally?

**Karen Betts (Scotch Whisky Association):** In bold terms, Scotch whisky can be produced only in Scotland, so we are not competing in that respect. It is not as if Scotch can be produced anywhere else at a cheaper rate, so the question is slightly different for us. I would say that, when we look at markets around the world, and look back at Scotland when we are overseas, it is clear that, as a country, we still have a reputation for quality, integrity and innovation in what we produce. That was clear to me in my previous role in the United Kingdom Foreign Office.

With regard to our competitiveness overseas, there is an enormous amount that we in the Scotch whisky industry have to do—as any of us must do—to get out there internationally and to get to know our markets and our consumers. There are some basic questions around how competitive we are against our global competition—whatever it is—when we export outside Scotland or the UK. We compete against other whiskies and different categories of spirit, and those questions become very relevant for companies as they look at how the market share of Scotch matches up to the market share of other spirits, and at where our competition is and where we need to appeal to consumers.

As we look at Brexit and all its associated challenges, and at the changes to the way in which we export and trade overseas that are going to happen as we go through Brexit and come out

the other side, I would float as an issue the way in which we bring together trade policy and trade promotion to better support Scottish exports in overseas markets.

**The Convener:** We move on to a question from John Mason, which may develop some of the themes that have arisen.

**John Mason (Glasgow Shettleston) (SNP):** I was interested to hear Paul Sheerin use the word “mindset”. It has been suggested to us that Scottish firms or Scottish individuals are simply not ambitious enough and do not lift their horizons high enough. Do you recognise that as something that we need to address? If so, how do we deal with it? Do we teach ambition to primary kids in school? How do we do that?

**Paul Sheerin:** That is a good question. I do not feel that there is a lack of ambition; it seems to me that companies that are not export based are still ambitious. To go back to my point about mindset, the issue is not a lack of ambition—it is more that companies need someone to open the door and show them what exporting could look like. I have seen evidence to suggest that, in companies that now do well at exporting where they previously did not, new staff have come in from bigger companies that are already working internationally. They have said, “Do you know what? This exporting thing is not that difficult. Companies around the world want our products and services, and we just need to do a bit of work to get ourselves into the right marketplace.” Something has to bring in that change; it can be cross-pollination, which occurs when people come in from other businesses. You are right to say that enterprise in education is key. We have to educate a generation of people to think about operating worldwide rather than stopping at the border of Scotland, the UK or Europe.

**Neil Francis (Scottish Development International):** I agree with Paul Sheerin. Our best companies in Scotland are as ambitious as any other companies that I come across internationally. The challenge is that we do not have enough businesses with that scale of ambition. I think that I am right in saying that, across the whole company base in Scotland, we have about 17,000 companies that employ more than 10 employees and grow at a rate of 10 per cent over any three-year period. There is an issue with the structure of our economy and the number of businesses that are operating within it. We need a strong platform in the domestic market that allows businesses to take on board the qualities that Paul Sheerin mentioned, such as awareness. A company needs a bit of extra resource and capacity to move into the international sphere, because the process takes a bit longer, so it is important that they have a strong foundation in

their domestic market. There is more to do, especially around awareness. We need to get more of our businesses to understand the opportunities that exist in trading internationally and how to manage and mitigate the risks that are associated with exporting.

**Clare Slipper (NFU Scotland):** I thank the committee for inviting me here. I represent NFU Scotland, which is a membership organisation of 8,500 farming businesses, crofters, growers and other professional businesses. At NFU Scotland, we like to make a big play of the fact that we are essentially the foundation stone of the food and drink industry, which—to go back to the question about competitiveness—has gone through a massive expansion, especially in the past 10 years. The industry’s exports currently total approximately £5 billion, and our ambition is to go much further.

To move on to the question about ambition, we recently signed up to the launch of a new document called “Ambition 2030: A growth strategy for farming, fishing, food and drink”. It is a fantastic piece of work, and I am sure that the committee, if it has taken evidence from representatives of the food and drink industry, will have heard about some of the measures that it contains. There is ambition, but our members who represent the primary production end of the sector are still experiencing major issues with competitiveness. Agriculture businesses are subject to a range of change drivers, not least factors such as geography and the weather, but also unfairness in supply chains, price volatility, cash-flow problems, capital management issues and so on. To come back to the B word, there is a lot of uncertainty, and a lot of folk are currently a bit less ambitious in looking ahead to the future and where things might be going. There is currently a bit of a batten-down-the-hatches approach in light of the political situation in which we find ourselves.

**John Mason:** Would your members think of exporting directly or not? If a beef farmer thinks, “I’m going to sell my beef to X, and then X might do the exporting”, would the exporting side therefore not be so high on their agenda?

**Clare Slipper:** In Scotland, we have long supply chains, but our members are very concerned about the potential for export to be displaced. The situation differs between commodities; we have to be careful in talking about a big boom in exporting internationally for agricultural products in general, because some sectors prefer a more protectionist approach. However, in light of the political situation, we have to look at new and innovative ideas, and at putting people directly in touch with new markets abroad. As Karen Betts outlined in her opening remarks, provenance is our unique

selling point, and that is what we will be selling on into the future.

**James Brodie (China-Britain Business Council):** I want to come in on the second question, about ambition. Anecdotally, the companies that seek me out for advice on doing business with China are, in general, hugely ambitious. I cannot speak to the broader spectrum of Scottish industry and businesses, or to the statistics—

10:45

**John Mason:** Does a company have to be more ambitious if it wants to sell to China than if it wants to sell to the Netherlands?

**James Brodie:** Not necessarily, although it is difficult to say. A company would probably have to address greater differences and overcome further barriers in seeking to export to China rather than to the Netherlands, certainly in the current context of the UK being part of the European Union and its customs and market arrangements, although that very much depends on the product or service that the company is selling.

When companies come to me for advice, they articulate great ambition for their business. With regard to how we increase that ambition on a broader scale, we need to point to success stories and engage with pupils in school at the very earliest stage in order to open their eyes to the opportunities while also highlighting the challenges. We need to build awareness of both the opportunities and the challenges so that we are better equipped to take on the challenge of exporting in the future. The China-Britain Business Council is committed to doing that.

**Karen Betts:** Our member companies range from listed public limited companies to small businesses. They all export successfully, usually from a very early stage in their development. Many younger companies will set themselves up and establish a UK market, and will begin to export very quickly—

**John Mason:** Are people in the whisky industry more ambitious because the product is so international? Does that make it easier for your sector to export?

**Karen Betts:** It makes exporting a much more obvious thing to do. Most of our companies know that there are very strong international markets for whisky, either because they have been exporting for a number of years or because they see other companies exporting. Over the 150-odd years in which our industry has been exporting, the road into the 180-odd markets to which we export has gradually become more paved. Our industry is very collaborative in that way. Many of our smaller

companies will readily acknowledge that their road to exporting in China has been paved by the bigger companies. A trade association such as the Scotch Whisky Association works very hard to tackle trade barriers in one way or another, whether that is through trade agreements or by lobbying countries—hand in hand with Government—to tackle tariff barriers or behind-the-border barriers, or any other practical complications that people might encounter as they get into exporting.

The question of how to build ambition is often asked of us, because we are clearly good at exporting. A couple of years ago, the Scotch Whisky Association and Scotland Food & Drink set up an export collaboration charter, which is designed to raise issues around exporting and help people to understand the sort of things that they need to know in order to export successfully. We have done a number of exercises through the charter, but the take-up has not been massive. That brings me back to the question of what exactly the problem is, given that there is quite a lot of resource out there for people who are thinking about exporting. We, along with Scotland Food & Drink, offer help and support, and there is also help available from SDI and Scottish Chambers of Commerce. There is quite a lot of support out there if people go and look for it, so perhaps something else is holding them back; I am not sure what that is.

Personally, I think that languages are very important in education. Educating our young people in school to have an international outlook and to be comfortable operating in a foreign language will remain very important economically as we move forward.

**Andy Wightman (Lothian) (Green):** Paul Sheerin mentioned the space industry in his opening remarks. Can the witnesses give the committee any examples of particular success stories in which a Scottish business has been exporting, or has started to export, successfully, or in which a business has attracted inward investment or is investing overseas? Whisky is an obvious example, as the sector has been exporting for a long time—we know about that. I am wondering if there are other success stories and, if there are, what lessons we might learn from them.

**Neil Francis:** The food and drink sector is a good example, as it brings together a lot of things that people have to do in order to be successful in the international market. You may recall that, last year, haggis was exported to the Canadian market for the first time. That happened as a result of a lot of influence at Government level and at regulatory level to make the case in response to the safety issues around the product that the Canadian



Government was concerned about. The process took a number of years, but it reached a successful outcome in 2014. That success has opened the door, and we have since worked with other partners and companies such as Macsween on reformulating their products. They cannot simply sell the haggis that is sold in Scotland straight to the Canadian market—there are specific regulations and standards that must be met, so reformulation is needed. SDI, along with Scotland Food & Drink, has an in-market specialist in Canada who has been working with networks and with potential customers during that process, which has led to Macsween trading very successfully in the Canadian market.

**James Brodie:** We ran our first ever China-Scotland business awards in January. I can send the committee details of the shortlisted companies, which represent sectors across the board. There are about a dozen companies, all of which have great exporting or investment stories.

The companies include Peak Scientific Instruments Ltd, which manufactures gas generators and has had a very successful fast-growing business in China for the past four years. It won the exporter of the year award. In the aviation sector, there is Findlay Irvine Ltd, which is a medium-sized enterprise in Penicuik that manufactures machines that measure the grippiness of runways—which is very important when you are landing an aircraft, apparently. There are also larger PLCs such as Babcock International Group, which has been doing design work for shipyards in China on state-of-the-art liquefied natural gas vessels. There are a lot of great success stories in a range of areas. We need to shout louder about those successes, and we need to engage with those companies and bring them together with other companies that are on the same journey and can learn from their experiences.

**Paul Sheerin:** I will add a couple of points. First, in my initial remarks, I mentioned that companies are exporting to the space industry in Italy. As the committee may know, I am relatively new to my post—I am about a month and a half into the role. I am an engineer, and I am reasonably well networked in the engineering world in Scotland. However, I have been surprised at the number of metal fabricators that I have visited in the past month and a half that are making aerospace and space parts. It is not the headline part of their business, but they are making some truly innovative products and winning business as a result. I did not know about that, because it is well hidden, but it has shown me another example of cross-pollination. Now, whenever I visit metal fabricators, I ask them whether they have considered the aerospace sector, because it is a

marketplace in which Scottish companies are competitive.

Secondly, I echo what Karen Betts said about languages. We have talked about where the issues come from, and whether there is a lack of ambition, and I have argued that companies need to open their minds and to see exporting as a possibility. People learning languages in school is massively important in that respect. It is not important which language they learn—it is important that they learn a language.

On challenges to internationalisation, we are rarely in situations in which we converse with our customers or suppliers in their own language, but a person who has learned the basics of a foreign language understands that languages are constructed differently and that the person who is sitting across from them is not speaking his or her first language, so they will be patient and slow down. That comes from having a basic grasp of language, which is key. Not everyone will go on to study foreign languages in further education, but foreign languages are really important for Scotland's ambitions for internationalisation.

**Clare Slipper:** I have a small point to make about international exports. A good example is Scotland's seed potato industry, which is an unsupported sector in Scottish agriculture. It is a little-known fact that Scotland grows 70 per cent of the UK's seed potatoes and exports 73 per cent of those to countries including Egypt and Morocco. That is not really shouted about, but it will be important as we move forward in striking new trade deals. We need to secure preferential access, otherwise the capacity of the seed potato sector in Scotland—it is a small sector, but it has a large capacity—will be displaced almost overnight. We need to start thinking about things such as export certification and ensuring that we have in place all the infrastructure for a seamless transition.

**Andy Wightman:** What are the key lessons to be learned by other companies from those success stories? I am thinking of companies that are perhaps seen as being not ambitious enough or which may not realise what the opportunities are. James Brodie talked about the China-Scotland business awards that took place earlier this year. Is there a case for much more peer support across industries, and within sectors such as food and drink, to encourage more exporting?

**Neil Francis:** Peer-to-peer support has proved to be very successful. Companies that are on the receiving end respond positively to support in exporting from people who have been there and done it. We need to carry on nurturing that process and helping it to happen.

As Karen Betts said, there are good examples across sectors of peer-to-peer support. Paul Sheerin made the point that support does not have to come from a company that is in the same sector—it can come from companies in other sectors that have experience in the market that the company that is seeking support is targeting. Support can be sector specific and market specific. Peer support is powerful in supporting the ambition and capability of companies to trade internationally.

In Scotland, we have a bit of an issue with celebrating success. I thought that Andy Wightman was going to make that point when he referred to the awards ceremony that James Brodie mentioned—

**Andy Wightman:** You have made it. [*Laughter.*]

**Neil Francis:** We need to do more to celebrate publicly companies that are doing a fantastic job of trading internationally. The Scottish export awards are now in their fourth or fifth year—I was at the awards ceremony this year, which was attended by more than 500 people, so it has clearly grown rapidly over the period. A broad range of companies received awards. The overall exporter of the year award went to Bridge of Weir Leather Company Ltd, which operates in the textiles sector. There were also awards for SST Sensing Ltd, which is an engineering company; Trtl, which produces a wraparound alternative to travel pillows; and PureMalt Products Ltd, which has taken what used to be a simple commodity and turned it into something much more valuable. The more we can do to celebrate the success of companies that are doing a great job, the better.

11:00

**The Convener:** I think that Karen Betts has to leave at this point. I thank you for coming, Karen.

**Karen Betts:** I have another 10 minutes or so.

**The Convener:** Have you rescheduled? All right.

**Karen Betts:** I was going to make another point. The provision of in-market support, where that is possible, is important in helping new exporters to understand the issues in the market to which they are trying to export.

**Andy Wightman:** When you say “in-market support”, what precisely do you mean?

**Karen Betts:** I mean Government support, where it is available. There is a good deal that Government can do. For example, there are a number of Scottish Government officials based around the world, some of whom have teamed up with the Department for International Trade. Those teams being able to help exporters to understand

particular issues in those markets is really useful—companies do not have to find that information themselves. Accelerating a company’s in-market knowledge can be helpful, as can support on the trade-promotion side.

Support is also important on the trade-policy side, and will become increasingly so as we go through Brexit and come out the other side. We currently use the European Commission to help us to tackle trade barriers and issues that arise in-market. As I said earlier, those can be tariff barriers or regulatory barriers. We do not need trade agreements to solve those problems, although such agreements can be helpful. Issues can be resolved outside trade agreements, sometimes sector by sector.

However, in-market knowledge and expertise in how that can be done are really important, and as we look ahead to Brexit and beyond, that issue will be important for the whisky industry. Normally, we go to EU delegation offices with such issues, so we will need to know where we should go in the future.

There are also issues for us around intellectual property. As you know, Scotch whisky is a geographical indication, as are other products in the Scottish food and drink industry. That indication is important for the value of those products when they are exported, because it prevents products from becoming generic. Where such issues arise, in-market support will be useful.

**James Brodie:** I will expand on that point. In-market support can come not just from Government but from the overseas business network, through British Chambers of Commerce, in various markets around the world. The CBBC is included as the designated body for China. In light of the fact that the UK Government and the Scottish Government do not have a huge presence in every market around the world, we need to draw on the support networks that are out there to provide the support that Karen Betts mentioned.

**The Convener:** Gillian Martin and Tom Arthur want to come in with supplementaries.

**Gillian Martin (Aberdeenshire East) (SNP):** I want to come back to what Neil Francis said about celebrating success. How important is it that civic society and the media in particular look positively on trade missions abroad? I am thinking of initiatives such as tartan week, which took place last week in New York, and of the First Minister’s visit to China, which also took place last week. A lot of the press around such events seems to be quite negative—they are not presented as positive experiences, and the media look for the negativity in them. Does that have an impact on the general psyche of companies that might be thinking of

exporting? Is it important that there is a more positive approach to those trade missions and initiatives?

**Neil Francis:** Yes, absolutely. The media have, and will continue to have, an influence on society as a whole, and on individual companies. The mood music is really important. A number of my colleagues have alluded to another issue, which is that our international perspective should be broader, rather than focusing simply on trade and investment. There is a tangible outcome from trade and investment, but it is important that there is an international mindset in all aspects—civic, community and governmental—of Scotland's life. It is really important that we build that mindset through the fabric of our society. People might get their first experience of an international mindset through one avenue, which then makes them more open, when they end up working with a company, to the idea of trading internationally.

We have just seen the Commonwealth games, which is another platform that can allow Scotland to be seen as an outward, progressive and internationally minded country. That is really important.

**Gillian Martin:** I do not know whether anyone else has any thoughts on that area. I am thinking about our international reputation. Does media coverage have an impact? James Brodie, you work with China. Do you think that there is an impact on the way that Chinese traders look at Scotland as a result of the negative mood music that currently surrounds our interaction with China?

**James Brodie:** I think that positive press on such missions would be much appreciated, although I am not too concerned that the negative press that we sometimes see in Scotland will have much of an impact in China. It is very difficult to make a media splash in China, and I do not think that domestic Scottish press is making much of a splash—I wish that it was making more of one.

**Gillian Martin:** But it might have a negative impact on someone in Scotland who might rule out trading abroad.

**James Brodie:** An impact on Scottish companies? You are quite right—it probably does have an impact on Scottish companies, although not so much on the other side.

**Gillian Martin:** I was thinking about the Scottish side.

**James Brodie:** That is a fair point.

**Neil Francis:** That builds on the point that Karen Betts made about trade promotion.

It is helpful if the countries and markets with which we want to engage internationally have a

broad understanding of what Scotland stands for. That is important for the whole gamut of interactions, whether people in those countries are looking to visit as tourists; study at academic institutions or form academic partnerships; or trade or invest. It is clear that the more those countries understand what we stand for, the easier it will be for companies to access those markets to sell their specific products or services. The Scotland is now campaign, which was launched this week, is about bringing together all our international interests in one cohesive approach to build our international reputation. That is critical.

**The Convener:** We move on to Tom Arthur's follow-up question.

**Tom Arthur (Renfrewshire South) (SNP):** Gillian Martin has covered most of what I was going to ask about. I would simply say that, beyond civic society, there is a responsibility on politicians. I wonder whether the panel agrees that it was not very helpful for politicians to decry the First Minister's visit to the United States last year on the basis that she was not getting on with the day job and that she should have been back here. That sort of commentary sends out the wrong mood music, just as it does when Opposition politicians decry the Scotland is now campaign and say that it is a waste of money. Do you think that it is important for politicians, as well as wider civic society and the media, to send out the right messages?

You can just say yes. [*Laughter.*]

**The Convener:** Does anyone want to comment or reflect on that without taking a political position?

**Tom Arthur:** I am not asking people to take a political position. I am simply pointing out that there seems to be a bit of tall poppy syndrome in this country.

**Neil Francis:** Without getting myself fired, I would say that it is important that, across the whole of Scotland's society, everyone in a leadership position exercises leadership. We have agreed that having a clear method of making our way internationally is incredibly important to our future, so that leadership is really important. Was that a politician's answer to your question?

**Tom Arthur:** That was a fantastic answer.

**The Convener:** We have another taker—Karen Betts.

**Karen Betts:** Scotland has much to be proud of on the international stage. We can sometimes get sucked into a negative view, through our own media, of all sorts of things. I am not sure that negative press puts companies off, but it takes us back to the issue of mindset and Scotland's role in the world, part of which involves trade and exporting. We have so much in Scotland that is

positive to contribute across the board, and it is very important that we somehow foster and nurture that sense of positivity.

**The Convener:** We move to questions from Colin Beattie.

**Colin Beattie (Midlothian North and Musselburgh) (SNP):** I have a simple question. What more does the Scottish Government need to do to support internationalisation? Are we doing enough? Do we need to do more of the same, or should we be doing something totally different?

**Paul Sheerin:** I will start on that one. There are a lot of fantastic routes by which Scottish companies can exploit opportunities in export—some of them have been mentioned. When I was on the other side of the desk as part of industry, leading a business, we got excellent support from Scottish Enterprise, SDI, the Scottish manufacturing advisory service and Scottish Chambers of Commerce. If people are so minded, and if the door has been opened to show them that the export route can be successful, exporting can be a great experience.

At that time, I was working for Polaroid, which was launching a new product principally in Asia, and SDI opened doors for us that we could not have opened on our own. I am not saying that just because Neil Francis is sitting two places to my right. There are challenges and opportunities. The company was account managed by Scottish Enterprise, and we were well looked after. People from other companies would sometimes say to me, “Well, it’s fine for you”—they found it harder, although not impossible, to access those support mechanisms. I wonder whether there is an opportunity there. Steve Dunlop is coming into post soon as head of Scottish Enterprise, and that new leadership may offer a chance to look at where the opportunities are.

When the regional local enterprise companies were taken away, a gap was created, and much of the provision of local and regional support for enterprise fell to local authorities. Even they would not be offended if I said that they are not best placed to think in terms of internationalisation in the same way as Scottish Enterprise, SDI and the other bodies that I mentioned. In light of the acknowledgement that the south of Scotland needs a solution for enterprise, there may be a shift that enables us to ask how we can achieve the best balance between economy of scale and the right solution for each region. The support is good, but it needs to be local enough, and it needs to be open to all as far as possible. That is the challenge, and the appointment of a new chief executive to Scottish Enterprise offers an opportunity to address it.

**Clare Slipper:** I should have mentioned in my opening comments that the biggest market for Scottish farmers, growers and crofters is our home market—70 per cent of our produce goes probably no further than the M25 boundary. A small amount of what we produce is exported internationally, but we do extremely well with what we export. It is important that we continue to produce for the home market, and that there is support in place for our farmers. UK consumers have a clear preference for very high standards of provenance and origin, and we also sell our goods abroad on those principles.

I am sorry to keep going back to the issue of Brexit, but it really is the number 1 issue that is currently occupying our members’ minds. It is hugely important that the Scottish Government supports our home producers to continue to produce to the current high standards. The Scottish Government recognises that maintaining those standards comes at a cost. However, when UK negotiators are in the room negotiating new trade deals, they must not forget the importance of having very high equivalent standards. It is hugely important that we maintain the protected geographical indications, to which Karen Betts referred, for products such as Scotch beef. If we let those indications slip away, it could be devastating for our agricultural industry. I am saying not that the Scottish Government could do more, but that we want to work closely with it over the coming weeks, months and years, as we find ourselves at a crossroads, in order to ensure that those aspects really are the top priorities.

11:15

**Neil Francis:** Can I add my perspective? We have looked at how a number of other countries—including Australia and New Zealand, as well as Ireland and other European countries—support their companies to internationalise, and we have found that no one is doing anything unique or different from what we are doing. We have principally seen differences in the scale of support and investment: in how much people are investing. Most commentators look to Ireland—the scale of investment that it makes to support its trade and inward investment is considerable, given the size of the country. It is a matter of scale.

**The Convener:** I think that James Brodie wants to come in.

**James Brodie:** In general, most of the tools, initiatives and programmes are in place, but more work could be done to ensure that they are better aligned than is currently the case. The end-user company just wants support, so we need to signpost that support and ensure that the Government, in funding different initiatives, uses the funding mechanism to force programmes to

work together rather than duplicating support. I know that there are many initiatives that are aimed at trying to bring together different strands of support, and it is not easy, but the more work that can be done in that area, the better.

**Colin Beattie:** Do you feel that the landscape is currently a bit cluttered?

**James Brodie:** It can be.

**Colin Beattie:** Staying on the question of Government support, do you think that the Government's internationalisation strategy is well focused and well targeted? Perhaps I should ask you if you know what the Government's internationalisation strategy is. [*Laughter.*]

**Neil Francis:** I will give that a go. It is a strategy, so it sets out the ambition and the broad areas that need to be tackled. It is good, in so far as it recognises that success is not simply about what is done to achieve the end outcome. The strategy is really positive in that it places an ask on our infrastructure—both physical and digital—and on our education sector with regard to some of the issues that we discussed earlier. Internationalisation is almost the end of the journey. First, you need to put in place a lot of building blocks, which will not necessarily generate an outcome today or tomorrow, but which are critical and fundamental in building a sustainable international performance.

**Colin Beattie:** Is the focus on the right sectors? Paul Sheerin mentioned that some companies have experienced a bit of difficulty in accessing support. Is the Government's strategy targeted on the right sectors? Are we developing the right sectors?

**Paul Sheerin:** If you ask me, you are asking the wrong person. I am all about manufacturing and engineering, so I would say, "More, please" for our sector, but I suspect that the people who are sitting to my right would say exactly the same for their sectors.

There might be a better way to answer the question. Colin Beattie asked whether we have the right strategy. My view, and the view of our member companies, is that the strategy boils down to the idea that export is good, and that we need to put in the effort and energy to support companies to improve and increase their performance in that area. That is what I, and the companies that I speak to, have taken away from the strategy.

On the earlier point about access to services, I think that the services are good, but it would be great to ensure—this is one of my themes—that we enable ambitious companies that are interested in exporting to find an easy route to access them.

**Neil Francis:** As I have said to the committee on previous occasions, we face two challenges in improving export performance: the total value that we generate from international trade, and the number of companies that actually drive that value. As we know, too few companies in Scotland account for too much of that trade—the total number of exporters is too low. We need to tackle both those issues. Almost every company will have an international opportunity in a particular market, and it is important that we find appropriate mechanisms to support companies to take that route. As we know, the proliferation of global online platforms is making it much easier and more viable for very small companies to export niche products to niche markets, and even to big markets.

We also have to look at the sectors that are driving performance. We have talked a lot about food and drink; we could also talk about energy and the performance of oil and gas, technology and engineering. Those key sectors will continue to drive our total value performance, and we need to continue to support them as well.

**The Convener:** We come to questions from Gordon MacDonald.

**Gordon MacDonald (Edinburgh Pentlands) (SNP):** We have heard this morning that there is no lack of ambition in getting companies to export. What type of support is out there to encourage companies to export or to examine the possibilities for doing so?

**James Brodie:** To highlight one tangible service that we offer, and to come back to the committee's earlier questions about success stories and case studies, I give the example of Devro, which manufactures sausage casings. The company used our launchpad service, which is a business incubation model that allows any UK company to use one of our offices in China as a base for an employee, who would be employed under CBBC's payroll while working full-time for the company in question. The scheme offers a bridge mechanism whereby a company does not have to open itself up to liabilities as it otherwise might do if it opened its own legal entity. If a company is not quite sure about exactly what that legal entity should look like, or whether the market is for them, it gives them a 12-month period in which they can deeply assess the market and decide how to develop their business further. Devro did that several years ago—it was part of the launchpad for three years, and it then set up its own office and manufacturing hub. It now employs more than 200 staff at its plant in China; I think that it is the most efficient of the company's seven worldwide plants.

That is a tangible service that we offer, and I know that similar support exists in other markets in

which the barriers may be more significant. Companies sometimes need that kind of buffer zone—a lot of companies are ambitious to export, but they may not yet be 100 per cent convinced by the merits of a certain market or believe that it is definitely the right market for them. They need a hand-holding period during which they operate in a protected environment before they take the next step. Services such as ours, which can de-risk the opportunities to some extent, are very well received by industry; our launchpad scheme has had a lot of success.

**Gordon MacDonald:** Does anybody else want to comment?

**Clare Slipper:** A small example from our sector is the Scottish Enterprise rural leadership programme. It is not geared to putting companies in touch with our members who export directly, or anything like that, but it runs every year and it has produced some fantastic success stories. It is about ensuring that businesses have in place their own business acumen so that they can increase their confidence and grow their business in whichever way they want to. A small example off the top of my head is Grampian Growers, which grows daffodils up north. The company took part in the rural leadership programme, and it is now the biggest exporter of daffodil bulbs in the UK. It told us that the programme was very helpful in putting it in touch with the right people and allowing it to have a bit more ambition for the business. That is a small example, but there are a lot of those schemes, and when they are linked together, they are very supportive.

**Paul Sheerin:** Gordon MacDonald asked a good question, which brings me back to the theme of cross-pollination. There are a number of support mechanisms, but they often depend on connections. Last week, a company that is based in the Netherlands got in touch with Scottish Engineering because it is interested in manufacturing capacity and capability in Scotland, and we connected it to the right people. It is clear that cross-pollination works.

It might be better to ask what we can do differently, rather than having companies depend on one-to-one connections or on the Scottish manufacturing advisory service coming in and saying, “Oh, you do that? Do you know that there are companies in Europe that are interested in what you do? You should look at that route.” At present, that sort of thing happens almost by chance. Earlier this week, I met somebody who had been through the Saltire Foundation’s programme—that programme is super-successful, and there are others like it. We need to look at how we seed an international approach. I have also heard of the young chamber programme, which is run by British Chambers of Commerce.

There are a lot of initiatives for companies, but we need to think more about how we change the mindset at a generational level, and the Saltire Foundation and other programmes are excellent in that way. People can move between careers and go from company to company, but they will take the international mindset with them.

**Gordon MacDonald:** In other words, they will be ambassadors.

**Paul Sheerin:** Yes—exactly.

**Gordon MacDonald:** I have a question for each of you. Is there one burning issue in your sector, whether it is engineering or farming, that needs to be addressed in order to encourage or assist companies to export?

**Paul Sheerin:** The availability of skills remains a concern—there has recently been a good bit of discussion about that in our industry groups. We have relatively low unemployment in Scotland, and there is definitely a stretch and a squeeze on skills. After Brexit, one of the most universally disliked topics that come up in my conversations is the apprenticeship levy, which seems to be having the opposite effect to what was intended. If I had a magic wand, I would use it to address that issue. The feedback from our contacts in the EEF suggests that the same issue exists outside Scotland, and they have reported a drop in the number of apprenticeships year on year as a result.

If we all agree that export is good and that, as part of the overall picture, making and engineering things is good, and if we want to encourage more people to be part of that thread—especially given our ageing workforce—we must look at what the barriers might be. I am sorry, but right now the apprenticeship levy is a barrier. Companies are actively talking about whether they want to carry on running apprenticeship programmes because of the burden that the levy places on them. There is an ask in that respect.

**Clare Slipper:** Paul Sheerin’s point about skills very much filters through to our sector. An uncomfortable fact—we bandy this figure around, although it will not be statistically accurate—is that 80 per cent think that they are in the top 20 per cent. Post Brexit, we need to get a lot better at farming more productively. We should not mistake simply being more productive for the solution—we need to produce what we currently produce, but in a much better way and by putting a lot less into the process. That will, in turn, have much better implications for the environment as well as for costs and other downstream areas.

We also have an issue with skills. Farming and food technology are not especially hot topics in the school curriculum, which is an issue that we are seeking to address. As an industry, we need to

take the lead—we should not be pointing the finger at education providers. We need to bring everybody together, and we are currently very much at the start of that process. Looking ahead, we need to do a lot more to cultivate the attitudes of young people so that they think of farming—or, if not farming, all the other downstream industries that feed into agriculture more generally—as a viable career. There are big opportunities, but we need people to fill those roles as we move forward.

11:30

**Gordon MacDonald:** At a previous committee meeting, a witness told us that he believed that there was not enough use of e-commerce. In your sectors, is the internet used enough, to sell abroad or highlight your products? Is there enough support from Government agencies to encourage people to use e-commerce?

**Clare Slipper:** Many of our members would love to make more use of e-commerce, but because they live in peripheral locations the broadband services are not quite there.

**Neil Francis:** As I said in answer to Gillian Martin's question, we must do even more to encourage people to look at online trading platforms such as Amazon and Alibaba and support companies to use them. Last summer, we partnered Amazon's academy in Edinburgh—I think that it is running again today in Glasgow and that over 500 people will attend it. Such trading platforms are definitely a viable, low-cost route to market, particularly for small companies with niche products, and we will continue to support companies to use them.

**James Brodie:** My focus is specifically China, where e-commerce is massive and is a crucial channel for accessing the Chinese market. We talk at almost all our events about the e-commerce platforms that are available in China and how to access them. We have many members that offer services to access those important platforms.

**The Convener:** Can Paul Sheerin clarify whether he was referring earlier to a year-on-year fall in the number of apprenticeships?

**Paul Sheerin:** From memory, an article in the EEF report in January said that there was a 24 per cent fall, but I do not know whether that referred to year on year or quarter on quarter. The BBC carried the story in January.

**The Convener:** The fall could not be because of the apprenticeship levy, as that came in only on 6 April 2017. There could not be year-on-year comparisons for that.

**Paul Sheerin:** That is a fair point. Perhaps the fall was for the quarter or the half year. The

article's point was that there was a worry that there was a correlation between the unpopularity of the apprenticeship levy and the net drop in the number of apprenticeships being taken up. My evidence is that companies have said to me that the apprenticeship levy is causing them to stop and think about whether they want to have apprentices in future.

**The Convener:** Of course, the situation in Scotland is different from that in England because there are separate systems.

**Paul Sheerin:** There are; I suppose that my point is that there is dissatisfaction on both sides of the border for different reasons. I have not met anybody who has a good thing to say about the apprenticeship levy.

**The Convener:** Would it not be a good thing to set up systems to encourage and support companies to have apprenticeships?

**Paul Sheerin:** Yes, if you think that, compared to what was in place before, the apprenticeship levy encourages companies to have apprenticeships. However, the companies that I have spoken to about the apprenticeship levy do not feel that that is the case.

**The Convener:** Right. We will move on to questions from Jackie Baillie.

**Jackie Baillie:** I will take us back to exports. I think that everyone in the room would agree that exporting is a good thing. I hesitate to be negative, given the previous criticism, but I think that we need to understand what works and what does not work in order that we can maximise opportunities. In 2015, internationalisation became a key part of the Government's economic strategy and we all welcomed that, but I am keen to know how we have performed against some of those targets. For example, one target was to boost exports by 50 per cent between 2010 and 2017. Did we achieve that? If not, what was the barrier to achieving it? That is my first question, and I can run through the others, which are in a similar vein.

One of SDI's studies established that it is very good at supporting trade and investment among existing companies—Paul Sheerin gave Polaroid as an example of a case in point. You have a company there that is account managed and gets all the support that is necessary. Given that they make up the bulk of the Scottish economy, I wonder how successful we have been at encouraging SMEs to get involved, because when I look at Scottish Enterprise's internationalisation targets, I see that we have not been meeting them.

I am looking for an honest assessment of where we have been, so that we can develop some

questions about where we should go. I will look at Neil first.

**Neil Francis:** Thank you, Jackie. The original target of a 50 per cent increase in the value of international trade has not been met. I hesitate to give you a single reason why that is the case. What is important is that it set an ambition that we should be working towards, and we should also use it as a means of holding ourselves to account in terms of understanding what has worked and what could work better.

In terms of the companies supported, I said earlier that we have two things to tackle—the total value and the total number of companies. When the strategy was originally launched, emphasis was not put on encouraging companies to export for the first time. We have now changed that and are putting a lot of effort into that. In recent years, the total number of companies that SDI has been supporting with international trade ambitions has grown from 1,300 to 2,300, so that is fairly significant, and in 2016-17 we supported almost 1,600 companies to trade internationally for the first time.

My honest assessment is that we are in the right areas and are engaging strongly with companies and supporting them where we can. What has not necessarily been achieved is the scale of the outcomes, not only from the companies that we work with but from the economy as a whole, in terms of international performance. I will not rehearse all the points now, but I was here last month or the month before, when we talked specifically about the valuation evidence both for our inward investment and for our trade performance.

Is that enough to answer your question? Will you let me off for that?

**Jackie Baillie:** Perhaps. I will pursue one point. You gave us some impressive numbers, but are the companies that you have helped exporting now?

**Neil Francis:** I said that the number of companies that we support has grown from 1,300 to 2,300, and those are existing exporters. The other number that I gave you, of around 1,600, is the number of new exporters that we are supporting. We are trying to get those companies to export for the first time.

**Jackie Baillie:** Are all the 1,600 now exporting?

**Neil Francis:** No.

**Jackie Baillie:** So a truer figure would be not the input figure, or the number of companies that you support, but the outcome figure of how many are now trading internationally. If you do not have those figures to hand, it would be enormously helpful if you could provide them to us, because

that would give us a truer picture of what is out there and help us to understand the challenges.

**Neil Francis:** I will certainly provide those figures for the past three years. I should say that getting companies to trade internationally for the first time is one of the hardest things that we try to do. There are also timing issues. You work with a company and it might be three years before it secures its first international contract, so there is a lag, but you will appreciate that.

**Jackie Baillie:** I do, but I just want to get a better picture.

I know that you have replied to Colin Beattie on a similar point, but how would you—the people who consume the services that are on offer—change the targets in the strategy, given that those targets determine where the resource goes and the kind of help that you get as a priority from the Government?

**Paul Sheerin:** I would not change the target, because it is good to have a stretch ambition—we have talked about ambition a few times already. As Neil Francis alluded to, that target has not been met, but there is evidence that we can get a positive outcome from setting a good target and having a decent ambition.

Two weeks ago, I was up in Aberdeen visiting member companies in the oil and gas sector, from Aberdeen down through Fife and Dundee. I saw a little bit of what Neil Francis has mentioned—that companies have been doing many things to survive the downturn. They have become more efficient and they have tightened their belts but they have also diversified and are opening up new sectors, including export.

For those that are starting to be successful in export, we are seeing small green shoots. As part of the reason for that, we can point to the ambition that export is good and making and selling things is good, and the fact that there is a bit of patience there. I get Jackie Baillie's point about the target but, from my point of view and that of member companies, targets do not matter. We should set the bar high and say that export is good, and making things and selling things is good—that is the only message that we really care about.

**James Brodie:** I agree with Paul Sheerin in that regard. Setting the bar high can only be a good thing in motivating all of us to support new exporters as much as we can.

The target for new exporters is reflected at UK level in our funding from the Department for International Trade. In the past couple of years, we have been pushed heavily towards supporting companies that might be exporters but that have not exported to China before. I am quite familiar with the lag time that Neil Francis referred to. We



might give a good amount of support in year 1 but it is not until year 3 that a company will pick up the phone and say, "By the way, did you know that we have just secured a contract?" and that might well be because of the year 1 support.

It can be a challenge to get those outcomes in the very near term but it is an honourable ambition to encourage more exports. Time and again, when we look at export statistics from Scotland, we find that the sample size is just too small to make any firm conclusions when the figure rises or falls. It is difficult to draw conclusions from such a small sample base with a few very large exporters that account for, in absolute terms, some of the biggest volumes. In qualitative terms, more companies may be exporting but they might just be small SMEs.

That does not knock away the fact that the downturn in oil prices has affected our overall volume. As I said, I can only really talk about the Scotland-China statistics but, certainly, with the 40 per cent increase in exports to China last year, the biggest chunk of that was to do with oil and petroleum products, which can largely be put down to an upturn in the oil price. The more that we can do to encourage more companies to export for the first time, the better.

**Clare Slipper:** I agree that ambition is good. Agriculture in Scotland will never compete on a stack it high and sell it low massive commodity market level, but what we do, we do very well. For food and drink exports, we have smashed through targets. I do not have the figures in front of me, but I believe that we reached the targets that were set in 2007 in 2010, and we now have much bigger targets. That is very positive.

11:45

**Andy Wightman:** I have a couple of specific questions for Neil Francis, following the evaluation. The evaluation raised a number of questions and made some recommendations, one of which was to better integrate the work of SDI with that of Scottish Enterprise, Highlands and Islands Enterprise and others. How significant is that recommendation and will the new Strategic Board for Enterprise and Skills assist in that process?

**Neil Francis:** That is a great point, which recognises that, in order for companies to be successful internationally, they need to do a number of things. They sometimes need to innovate their product or enhance their leadership skills, so the integration of business support, which we have been doing for a number of years, is critical. The report emphasises that we need to carry on doing that.

As colleagues have said, other aspects of international support are provided by sister agencies and partners, and it is important that we do all that we can to integrate that support into a cohesive set of services that is available to the customer. We should be making things easier; we must not put another barrier in the way. The fact that the strategic board requires the agencies to collaborate more strongly is very positive.

**Andy Wightman:** I have another question on collaboration and integration. How is the relationship that SDI and the wider enterprise network have with the UK Government's Department for International Trade working? That is a critical relationship because of Brexit.

**Neil Francis:** The relationship is critical. The Department for International Trade now has a much broader remit than its predecessor, UK Trade and Investment. SDI's principal relationship with DIT is on operational delivery, which is very strong. There are some differences in how we work, depending on the market. In some markets, we work extremely well; in others there is room for improvement. I am not being critical of SDI or DIT; I am saying that we could be more collaborative in certain markets. In general, the relationship is positive. We are trying to achieve the same outcome, which is to support companies to enhance and increase their international trade.

Another important aspect of our relationship with DIT is the whole trade policy, which relates to not only the outcome when we leave the EU but our trade policy with the rest of the world. From a Scottish point of view, that work is being led by colleagues in the Scottish Government.

**The Convener:** John Mason has a final question about the environmental impact.

**John Mason:** As we move things round the world, there clearly is an environmental impact. If the Russians drank all the vodka and we drank all the whisky, we would not need all the ships and lorries moving between the countries. Do you take on board environmental issues when you look at trade? How can we mitigate some of them?

**Paul Sheerin:** You are absolutely right that moving things around the world has an environmental impact—we cannot step away from that. From an engineering and manufacturing point of view, the circular economy is a massive opportunity for Scotland, because it comes with a carrot and a stick. The stick is that, if we do not do something about the environmental impact, things will not be able to carry on as they are.

On the carrot, for many businesses that are original equipment manufacturers, the margins are difficult and, therefore, so is the sustainability of the company in carrying out low-margin new-equipment business. Companies that have been

getting more actively involved in refurbishment and repair or new manufacturing using techniques that are aligned with circular economy outcomes are seeing benefits for their overall sustainability, because the margins are better. Many companies—this was certainly true of the companies that I was involved with—pay their bills from their new manufacturing equipment and get their profitability from their after-market sales and service. The margins on refurbished and remanufactured equipment are more akin to those on after-market sales and service, so there is the carrot. That might come with a slight shrinkage in revenue, but the business is more sustainable overall.

I will go back to an example that I gave earlier—forgive me, but I cannot help the engineer in me. One of the companies that I talked about was manufacturing casings for satellites that were selling into Italy. In the space industry, as in the aerospace industry, one of the key metrics is the buy-to-fly ratio, which in essence speaks to the circular economy. If I need to make a satellite casing out of Inconel and I buy a 200kg billet of that and then gouge out 180 kg from the middle in order to make the casing, my buy-to-fly ratio will not be so good. If I come up with a way of manufacturing that builds up the material layer on layer and comes up with the same structurally sound component, I will win a competitive advantage. That is an example of how manufacturing things in a different way that has much less environmental impact can lead to competitiveness and better sustainability.

**The Convener:** We will move on to a question from Gillian Martin—it may be the final question—about international best practice. Paul Sheerin has just touched on that.

**Gillian Martin:** Actually, I am going to ask about Brexit, but my question follows on from what Paul Sheerin has just said. We have a historical reputation as a country of invention, innovation and manufacturing, and intellectual property is key to that. It will be particularly important post-Brexit, given that IP is protected and, I suppose, administered by the EU.

On Thursday, we will have the Secretary of State for Business, Energy and Industrial Strategy in front of us, so I want to give Clare Slipper and Paul Sheerin an opportunity to say what they would like to ask him about geographical indications, trademarks and intellectual property. What are your industries' asks and what clarity do you seek, given that the matter has not really been discussed in any of the transitional papers?

**Clare Slipper:** We would ask whether the secretary of state believes that GIs are important and whether they are going to be protected. In previous trade deals—most recently the

comprehensive economic and trade agreement deal with Canada—protected geographical indications have been left out, which has left certain products in Scotland, such as Scottish beef, exposed. We did some investigation of why that happened, and it appears that it was purely because somebody in DIT forgot to include them in the schedule.

That is a major emphasis for us. Perhaps that is not shared by our colleagues in the rest of the UK, but I would be interested to hear directly from the secretary of state whether GIs are valuable to him.

**Gillian Martin:** They are key to Scottish farming and food and drink production, as we have heard today. In addition, intellectual property is key for things such as engineering, innovation and manufacturing.

**Paul Sheerin:** Yes. There will be other ways to protect intellectual property, depending on what the outcome looks like, but the concern is that they will take a lot more spend, resource, time and effort than are required now. That is a concern for companies that are exporting.

**Gillian Martin:** Do you believe that the UK is ready for that? Do we have the right things in place?

**Paul Sheerin:** I have no idea. That is an area of detail that I do not know about.

**Gillian Martin:** Okay—thank you.

**The Convener:** I will ask what is now the final question. Are there any specific international examples of public support for internationalisation from which we in Scotland could learn? Does any specific country come to mind?

**Clare Slipper:** This example does not relate particularly to public support, but I have a colleague who has just come back from a study trip to New Zealand to look at how the livestock industry there works with its Government on exports. The industry there has a very international outlook with regard to the export of lamb in particular—it exports to more than 100 countries. When my colleague came back he said that he was absolutely blown away by the linkage between the industry—the primary producers at one end and the processor at the other—and the Government. All those involved were single-minded about their aims and ambitions, which were to export, export, export.

As I said, our biggest market is the home market, so we will not focus purely on the export market, but the lesson that my colleague learned was about real integration from the Government right down to the primary producer on the ground—everyone was very much aligned on the priorities. We could perhaps do a bit more of that in this country.

**The Convener:** Does anyone else want to add anything?

**Neil Francis:** We have talked a bit about the importance of developing an international narrative and a brand position and reputation. New Zealand has done that successfully over a number of years. It is worth looking at its ability to align all aspects of its society in working towards a common end in how it projects itself internationally.

**Paul Sheerin:** I have an example about what we can do. I was most heavily involved in working in Italy. We have a lot to be proud of in Scottish manufacturing and exports—there are a lot of good news stories. When I was in Italy, I certainly did not see anything that made me think, “Oh wow—Italy is doing engineering and manufacturing much better than Scotland.” In some cases, quite the reverse was the case. However, to return to the point about flying the flag and promoting Scotland and to Tom Arthur’s point about whether negative comments hurt us, in Italy the big dailies have a manufacturing and export story on their front page every single day. Its politicians and business leaders lead by example in that respect.

The point that I have taken from today is that it is the responsibility of us all to lead by example. When I came home from Italy, I would look at our daily quality newspapers and, at best, I would see a story about manufacturing and exports on the back page but, when I went back to Italy the following week, I would see something about engineering and manufacturing on their front pages every day. It is in all our interests to raise the profile and ensure that we lead from the front by putting on the front pages the message that exporting and making things is good.

**The Convener:** That is a good point at which to finish the session. I thank all our guests for coming.

11:58

*Meeting continued in private until 12:34.*



This is the final edition of the *Official Report* of this meeting. It is part of the Scottish Parliament *Official Report* archive and has been sent for legal deposit.

---

Published in Edinburgh by the Scottish Parliamentary Corporate Body, the Scottish Parliament, Edinburgh, EH99 1SP

---

All documents are available on  
the Scottish Parliament website at:

[www.parliament.scot](http://www.parliament.scot)

Information on non-endorsed print suppliers  
is available here:

[www.parliament.scot/documents](http://www.parliament.scot/documents)

For information on the Scottish Parliament contact  
Public Information on:

Telephone: 0131 348 5000

Textphone: 0800 092 7100

Email: [sp.info@parliament.scot](mailto:sp.info@parliament.scot)

---



The Scottish Parliament  
Pàrlamaid na h-Alba