

EUROPEAN AND EXTERNAL RELATIONS COMMITTEE

Tuesday 5 February 2008

Session 3

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EUROPEAN AND EXTERNAL RELATIONS COMMITTEE

3rd Meeting 2008, Session 3

CONVENER

*Malcolm Chisholm (Edinburgh North and Leith) (Lab)

DEPUTY CONVENER

*Alex Neil (Central Scotland) (SNP)

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*Ted Brocklebank (Mid Scotland and Fife) (Con)

*Alasdair Morgan (South of Scotland) (SNP)

*Irene Oldfather (Cunninghame South) (Lab)

*John Park (Mid Scotland and Fife) (Lab)

*Gil Paterson (West of Scotland) (SNP)

*Iain Smith (North East Fife) (LD)

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Jackson Carlaw (West of Scotland) (Con)

Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD)

*attended

THE FOLLOWING GAVE EVIDENCE:

Professor John Bachtler (University of Strathclyde)

Andrew Duff MEP (LD)

Leslie Evans (Scottish Government Europe, External Affairs and Culture Directorate)

Robin Naysmith (Scottish Government Counsellor in North America)

CLERK TO THE COMMITTEE

Dr Jim Johnston

ASSISTANT CLERKS

Emma Berry

Lucy Scharbert

LOCATION

Committee Room 2

Scottish Parliament

European and External Relations Committee

Tuesday 5 February 2008

[THE CONVENER opened the meeting at 10:00]

Treaty of Lisbon

The Convener (Malcolm Chisholm): Good morning. We need to start on time because we have a very full agenda this morning. Welcome to the third meeting of the European and External Relations Committee this year. The first item on the agenda is evidence from Andrew Duff MEP, as part of our consideration of the Treaty of Lisbon. He has been invited in his capacity as one of the three representatives from the European Parliament who participated in the intergovernmental conference that, as members will be aware, negotiated the treaty.

We will start the session with a 10-minute opening statement from Andrew Duff and then move to general questions. Thank you for coming, Andrew—we look forward to hearing what you have to say.

Andrew Duff MEP (LD): Thank you for asking me—it is a great privilege to be here. I view it firmly as an important staging post, as I have been speaking to the scrutiny committees of several national Parliaments as part of the IGC process, and as part of the essential project, which is to try to understand this extraordinarily complex treaty and to explain and justify it to fairly sceptical public opinion and to sometimes fairly cynical Parliaments.

As members appreciate, my broad assessment of the Treaty of Lisbon is that it is an extremely good settlement. It strengthens the capacity of the European Union to act effectively abroad and within its own member states; it streamlines the decision-making processes; it rationalises instruments; and, importantly for us, it greatly strengthens parliamentary democracy. The British enjoy—if that is the word—several protocols that amount to opt-outs from key areas of integration. I cannot explain or justify why the British Government thought it was necessary to negotiate all the opt-outs; it seems to us in Brussels to be a strange Westminster obsession. I suspect that it looks like that from Edinburgh, too.

I turn now to the Scottish perspective. It seems that Scotland needs to focus on its place in the British parliamentary system and to assert itself as a component part of the British parliamentary

scrutiny structures. As you know, the powers of national Parliaments have been strengthened in the treaty. In some countries, such as France, the powers that are granted to the national Parliaments are even stronger than those that they have under the domestic constitution. Therefore, the French, as we speak, are reforming their system to strengthen the powers of the *Assemblée nationale* to meet the requirements of the Lisbon treaty. The Belgians saw fit to include declaration 51, which spells out the powers of Belgium's federal Parliaments. So far, the British have been silent on that issue. The Government and Parliament at Westminster could be obliged to express themselves on the new set-up in relation to the Scottish Parliament that the treaty implies.

I will briefly set out some of the measures. National Parliaments are afforded greater powers to be informed, the early-warning mechanism on subsidiarity has been strengthened and there are special reserved privileges for national Parliaments with respect to freedom, security and justice—especially concerning the scrutiny of the European Police Office and Eurojust. National Parliaments have powers over future reform of the treaties, including in relation to the accession of new member states. There are also specific instructions to the European Parliament that it must strengthen the system of collaborating with national Parliaments, especially on interior affairs, but also on foreign security and defence policy. In article 3, which describes the principle of subsidiarity, the regional dimension is referred to expressly for the first time.

The protocol on application of the principles of subsidiarity and proportionality contains the provision that the European Commission must consult at regional level and include the regional dimension in its assessments of draft law. Article 6 of the protocol on the application of the principles of subsidiarity and proportionality is crucial. It states:

“It will be for each national Parliament ... to consult ... regional parliaments with legislative powers”

within the eight-week formal period for pre-legislative consultation. National Parliaments will be able, for the first time, to approach the European Court of Justice to defend their prerogatives, through the agreement of member states. A similar provision applies to the Committee of the Regions, which also receives the power to approach the court.

The changes that are being wrought by the Lisbon treaty will have an extensive impact—that should be of primary concern to the Scottish Parliament, especially this committee, in its future work.

The Convener: Thank you very much. That was extremely useful and there are obviously many

issues to cover. I will kick off. I am not sure whether other members will follow suit, but I will try to keep the Scottish angle to the fore. I have two questions, but I will ask just one now, to give others a chance. Ted Brocklebank will be next.

We are interested in how the justice and home affairs issues in the treaty relate to Scotland. You expressed some disapproval about the opt-outs—or perhaps it is an opt-in, in the case of justice and home affairs. How will the treaty work in that respect? We know how it will work in general terms, but our specific question is how it might affect Scotland, particularly given that justice and home affairs are substantially devolved.

Andrew Duff: That is correct. I disapprove of the protocols; I think that, essentially, they are spurious. In effect, the current British Government will seek to opt in to all the areas in which it has the privilege of excluding itself. That is what I suspect—we will have to see what happens in practice.

Do we accept that the decision to opt in or opt out ought to be that of the Executive in Whitehall, or should it come under a parliamentary process? At present, the Commons and Lords committees that have responsibility for such matters do not believe that they are going to be asked for their opinions until some way through the legislative process. For Scotland, which has devolved powers in an awful lot of the relevant areas, the importance of asserting yourselves extremely early on in the decision-making processes in London—at Executive and Parliament levels—seems to be crucial.

I imagine that your memoranda of understanding with Whitehall and Westminster should be reviewed with particular regard to the development of common policies in freedom, security and justice.

10:15

Ted Brocklebank (Mid Scotland and Fife) (Con): We are interested in how the whole treaty will affect Scotland. Are you perfectly happy that the Lisbon treaty is basically the same as the constitutional treaty?

Andrew Duff: I preserve such degrees of joy for my private life.

I am satisfied that the Lisbon settlement is as close to the 2004 constitutional treaty as it can be, given the fraught circumstances of its negotiation. However, for the United Kingdom the package is distinctly changed from 2004 because of the opt-outs.

Ted Brocklebank: Which you do not agree with.

Andrew Duff: You are absolutely right.

Ted Brocklebank: You said that the treaty will strengthen parliamentary democracy. However, in its report of 20 January, the House of Commons Foreign Affairs Committee, which is Labour dominated, accused the Government of “downplaying” the treaty’s importance and said that it

“is unlikely to be beneficial to the UK’s position in the EU.”

That hardly sounds like a strengthening of parliamentary democracy.

Andrew Duff: The Foreign Affairs Committee was primarily considering foreign, security and defence policy aspects of the package. Of course, parliamentary powers in EU common and foreign security policy and in foreign affairs more broadly are weaker than they are in domestic legislative matters. That is par for the course.

I disagree with people who try to downplay the importance of the substantive changes that will affect Parliaments. The European Parliament is the principal victor in the negotiations. The struggle for power between the institutions in Brussels has clearly been won by the European Parliament, which has won greatly extended legislative and budgetary powers and powers of scrutiny. I sincerely believe that the improvements that I summarised with respect to national Parliaments will strengthen the parliamentary system as a conduit between the citizen and the powers that are exercised in Brussels. Scotland ought to assert itself to be as important a part of the federal structure that connects Parliaments as it can be.

Ted Brocklebank: So, you are saying that, although the treaty is unlikely to be beneficial to the United Kingdom’s position in the European Union—which was the view of the Foreign Affairs Committee—it might, paradoxically, strengthen Scotland’s position.

Andrew Duff: I do not agree with the essence of the opinion of the Foreign Affairs Committee. It is bizarre to think that Britain alone will not profit from the existence of a mature and effective common foreign, security and defence policy—but that is my political opinion.

Iain Smith (North East Fife) (LD): Welcome to the Scottish Parliament. I want to explore a little further the role of the Scottish Parliament in scrutiny of legislation. In particular, I want to explore our relationship with Westminster. At present, we have a memorandum of understanding and protocols between the Governments, but no protocols or formal arrangements between the Parliaments. Would it be wise for the Scottish Parliament to consider with the Westminster Parliament how we can develop protocols for handling matters that are referred to the UK Parliament but on which it has a

responsibility to consult the Scottish Parliament? In answering that question, you may wish to talk a little more about what is happening in Belgium.

Andrew Duff: A formal agreement between the Edinburgh and Westminster Parliaments is now essential. Among the 26 other member states, plenty of examples exist of agreements between regional Parliaments with legislative powers and their national Parliaments. It will be interesting for the committee to scrutinise those agreements and try to draw out some good practice.

I have to say, however, that not all the practice is good. Germany, of course, is a federal republic and the regions are represented formally in the second chamber. There is a protocol between the Bundestag and the federal Government, and that protocol is broad in its scope and great in its aspiration. However, if the Bundestag were to put it into effect, it would do nothing but scrutinise European affairs. A balance has to be struck between being interested in absolutely everything and being completely excluded. One has to prioritise and be discriminating. The Scottish Parliament would have to study the legislative programme that is published after being agreed between the Commission, the Parliament and Council, so that you could see what was coming up and pick out all the elements that you thought you ought to take an interest in and scrutinise. You could then exert your devolved authority on the decision-making procedures at Whitehall and Westminster.

Although the United Kingdom is not a fully federal United Kingdom and the powers of the House of Lords are somewhat attenuated—for example, compared with the relative powers of the Bundesrat—I suspect that there would still be a friendly reception for the idea. Certainly, the Lords would give such a reception to the idea that its extensive scrutiny procedures could be specifically focused on conserving and promoting the interests of Scotland. The idea is a sort of foreshadowing of a proper federal system whereby the second chamber has a duty of care for the regions.

Iain Smith: Obviously, the question whether the UK Parliament pays attention to any consultation responses that it receives from the regional Parliaments—the Scottish Parliament, National Assembly for Wales, and Northern Ireland Assembly—is a matter for itself. However, is there any comeback for the Scottish Parliament if the UK Parliament were to fail to consult the regional Parliaments on a matter on which it is obliged by the treaty to consult them?

Andrew Duff: Yes. My answer is straightforward: a Scottish Parliament that found itself neglected by London could make a complaint to the European Court of Justice in Luxembourg. Several clauses in the protocol on subsidiarity

could be deployed towards that end. I have no idea how far the case would travel through the court or whether it would be successful, but one of the big issues would be whether the Parliament was a privileged litigant. That said, if the Parliament could expose a failure to have been consulted in time on key issues that it had identified in advance as being important, it would at least have a sympathetic hearing.

The Scottish Parliament could also deploy the resources of the European Parliament, which is on the side of parliamentary democracy. If the European Parliament saw that the spirit of the treaty—which was so tortuous to negotiate—was not being respected properly, it would express itself on the matter.

The Convener: I seek clarification on one point, which no doubt you made clear, but about which I want to be certain. Do the treaty rights for the Scottish Parliament relate not to wider policy but purely to matters of subsidiarity?

Andrew Duff: It would be far more straightforward for the Parliament to approach the court on the ground of the UK Parliament's failure to respect the subsidiarity provisions than to approach it on a substantive point of policy.

10:30

Alasdair Morgan (South of Scotland) (SNP): In that case, it might be easier for Scotland to have separate membership.

My question is on the new president of the Council. Clearly, over time, that person will become a much more important person than the current president is. There has been speculation about who might apply to be or will be president in the near future, but it is not beyond the bounds of possibility—indeed it is quite likely—that the president will be a person who has gone past his sell-by date in his own country. Is what has been proposed the best way of enhancing the European Union's reputation among an increasingly sceptical public?

Andrew Duff: I understand how separate membership might seem to be attractive and tempting, but I assure you that it would not be as simple in practice as it is appealing in theory.

I think that the part of the Lisbon settlement on the European Council presidency is one of the parts that are not perfect, but the formulation is the optimum agreement that we were able to achieve at the IGC. We cannot improve on what has been proposed before it has been tried out.

There is a lot of private discussion in Brussels on the criteria for the person who would fill the post of president—the job specification, as it were. The emerging lines of agreement that I have

discerned are that the person could not be a former Prime Minister of a country that is not playing a full part in all aspects of integration—for example, a country that operates outside the security and defence policy and the Schengen agreement, that has not adopted the single currency, and that has opt-outs from security and justice affairs and the European charter of fundamental rights. It would be difficult for such a person to be president. The other important but unspoken criterion is that the person would need the full-hearted support of the Prime Minister of his own country.

Alasdair Morgan: That Prime Minister may, of course, change during the person's two-and-a-half-year tenure. Is the proposal an improvement on the current rotating presidency? I know why it was made, but it increasingly looks as if there would be a carve-up in giving somebody the job. The proposal is not particularly impressive, is it?

Andrew Duff: It is an improvement on the current fluctuating six-monthly presidencies, which disrupt the smooth programming and operation of the European Union. In 2007, we experienced two exceptionally strong and successful European Council presidencies. It is important to see the presidency historically and assess the proposal to have a permanent president in the light of the current Slovenian presidency and the successor French presidency in the second half of the year, which will be exciting, to say the least. Stability in the European Council is important. It is essential that the Council should be grounded in the EU treaty structure, which it is not at the moment—it is a free-floating creature.

The creation of a permanent presidency will be accompanied by such things as the drafting of rules of procedure for the European Council, which should also be very interesting. You can be certain that the European Parliament will pay special attention to the powers of the permanent presidency and to its relations with the President of the Commission, with the high representative for foreign policy, and with the trio of team presidencies that chair the sectoral councils. You pose a serious question that deserves continuing and thorough scrutiny.

Irene Oldfather (Cunninghame South) (Lab): I have a small point about a slightly different part of Alasdair Morgan's question that merits further exploration: the cynicism of citizens and how we can make Europe relevant to them. Some years ago, Mr Duff was kind enough to participate in a committee initiative when we invited civic Scotland to the chamber and asked people what Europe is for. I think that he will agree that that was a helpful exercise. What is there in the treaty that we can take to citizens and say, "This is relevant to you and will help you"? There was a discussion in

Strasbourg a few weeks ago about the rights of children. If we can make Europe more relevant to citizens' everyday lives by, for example, showing them that the treaty will assist in tackling the exploitation and trafficking of children, that will help us to demonstrate how important Europe is and show that it is not about foreign affairs but about things that happen in people's lives.

Andrew Duff: That is quite correct. The Treaty of Lisbon contains improvements on the 2004 treaty with respect to competences in the environment policy, for example. The previous approach was to focus on pollution control, but now the approach has been broadened to combating climate change. There is also now a supply side to the common energy policy; whereas previously the policy was about demand, we are now committed to working to ensure the security and stability of supply. Furthermore, the extension of combating discrimination in the post-modern fields that we all know and seek to respect through our legislative and political processes is very important. Frankly, the sooner we bring the Treaty of Lisbon into force and proceed to improve the quality of public policy that flows out of Brussels and Strasbourg, the more pleased we all will be. I expect there to be a favourable popular response to a union that is working effectively in the context of globalisation and meeting the challenges that we have not had to meet before.

I am sorry that, all too often, the focus of the parliamentary debate at Westminster is not the substantive improvements that Lisbon brings to the Treaty of Nice set-up but an obsession with comparing and contrasting with the failed 2004 treaty. That is an extremely interesting partisan issue of Westminster politics, but the public are nonplussed by it. The public are a lot more interested in whether the Union can be effective and whether it can build the financial resources to match its political priorities. Those are the interesting issues.

Gil Paterson (West of Scotland) (SNP): I return to the point about the need for Scotland to assert itself. We have taken a lot of evidence from organisations and institutions in Scotland, and a theme that runs through that evidence is that it is difficult to influence what happens in Europe. In many cases, our influence comes down to good will on the part of Whitehall. Our influence depends on whether Whitehall listens to Scotland. I was heartened by your references to article 6, but it seems a little hard to have to go to court. Should there be a mechanism whereby devolved Governments have a right to engage? At present, from what I can see, Whitehall turns its nose to Scotland only if it wants to.

Andrew Duff: I partly agree. Scotland ought to build up the network of regional Parliaments with

legislative powers, which is of growing importance. I would be interested to hear your assessment of that network. To exercise informal power and influence in Brussels on the legislator is an important part of the exercise.

Members of the European Parliament are lobbied by industry, the diplomats of member states, non-governmental organisations and so on, but we seldom hear explicit or express opinions from regional Parliaments. Perhaps that is because we do not have the treaty in force yet, and the present third pillar in justice and interior affairs is an intergovernmental procedure. Of course, that will change when we get Lisbon into force. Parliament will have full powers of co-decision, the Council will have to act by qualified majority, and the Commission will have full powers to initiate and enforce common policy. I expect there to be a dramatic increase in the volume of interaction between Edinburgh and the European Parliaments.

10:45

That is the informal side, which always has to be worked at. However, the fact that we are seeking to ground all of that in treaty form and to provide for the interaction formally means that there are forms of redress if the system is not working well. Your first port of call, of course, is London. However, if you are still dissatisfied, there are further instruments that you can push in Brussels and Luxembourg. Of course, it would be an expensive distraction to always end up in the European Court of Justice in Luxembourg—I understand that. However, a class action brought by, for example, several regional Parliaments with regional powers to assert your claim on the system of government of the European Union would be an interesting option to explore occasionally.

Gil Paterson: The way that the opt-outs are structured suggests that they are simply a way for Governments to bypass the referendum question. Later on, when the heat is off, Governments could quickly transform the opt-outs into opt-ins one by one when it suited them to do so. That is very close to being dishonest.

Andrew Duff: That is not a question as much as it is a comment.

Gil Paterson: Do you agree that the situation is as I outlined?

Andrew Duff: It would be easy to cry that what we are discussing is an exercise in obscurantism from start to finish, designed—following the failure of referendums in France and the Netherlands—to extricate ourselves from the pledge to have a referendum. However, I am also a believer in realpolitik. The key thing for Europe, Britain and

Scotland is to see the new, reformed treaty in force. There is a bit of high politics and low skulduggery at play, but if it achieves the principal objective, I shall be satisfied, if not happy.

Gil Paterson: You have not referred to the issue of engaging the voters. We have left the public entirely to one side. It is a bit like the question of the EU presidency—there is no real democracy involved; it is more a case of its being a job for the boy.

I have already voiced that concern, but I put it to you because you are a supporter of what is happening and because what you said about the opt-outs did not convince me that they are anything other than a way to get round having to hold a referendum. My point is that, regardless of whether or not we are in favour of having a referendum, we should engage with the public. We in politics are driving a coach and horses between ourselves and the public. What has been proposed is another way of disfranchising the public. I put it on record that I agree with the way in which the treaty deals with most matters, so it is likely that I would vote for it in a referendum. Nevertheless, something is missing—democracy.

Andrew Duff: I have great sympathy with your fear. A great responsibility falls on our political parties to face up to the full scale and scope of European integration and to speak the truth about the importance of Europe for our lives as citizens, which successive generations of political parties in Britain have failed to do.

The absence of a political party at the European level to act as a channel between the citizen and the EU is a serious problem. If we are to consolidate the success of the parliamentary achievements that are embodied in the Treaty of Lisbon, we must put a great deal of hard work into building up the essential sinew of democracy that does not exist at the moment—the ability of political parties to embrace the European dimension with confidence. That is not a party-political point; I include my party, the Liberal Democrats, in the class of party that, so far, has not succeeded in connecting with the public on such issues.

However, in defence of the present package, I point out that we can exploit the European Parliament election campaign in June 2009 to hold a thorough debate between the parties and the public on the constitutional progress that the EU is making.

The Convener: I am sorry, Alex, but we will have to round off our questioning because we must keep each item to an hour. However, you can have five minutes to ask questions, if you want.

Alex Neil (Central Scotland) (SNP): For the sake of time, I will put a couple of points to Andrew

Duff, both of which I hope he will be able to answer.

You have mentioned the House of Commons Foreign Affairs Committee a great deal but, under the chairmanship of Michael Connarty, the House of Commons European Scrutiny Committee—which is a cross-party committee—has done a lot of work on the treaty. It said that, basically, it is a con to say that the treaty is not the constitution. More important, given where we are now, it said that the opt-outs that the UK has obtained are pretty academic because, ultimately, the European Court of Justice will overturn them anyway.

First, what is your opinion on the European Scrutiny Committee's conclusions? Secondly, if Ireland, which is the only country that is having a referendum and conducting the whole thing democratically with the people, votes against the treaty, will it be dead?

Andrew Duff: First, I have had the privilege to speak in front of Mr Connarty's committee on several occasions. You say that he did a lot of work on this. I do not agree. He sought formal evidence from two or three foreign secretaries while he was doing the exercise, and from the Minister for Europe, Mr Murphy. He did not seek the opinion of the Commission, the European Parliament, foreign Governments, NGOs or professors of this or the other. Therefore, I do not think that the European Scrutiny Committee's report on the treaty is its finest work. It is shallow and tendentious. I hope that one can say such things here, under parliamentary privilege. Does that exist for MEPs in the Scottish Parliament?

I would put far greater faith in the upcoming report from Lord Grenfell's committee in the House of Lords, which is doing a wide and thorough inquiry. That report will be published soon.

Alex Neil: The House of Lords is hardly a democratic institution.

Andrew Duff: But it is a very clever place.

Alex Neil: When it agrees with you.

Andrew Duff: On the effect of the opt-outs, in the end jurisprudence from the court in Luxembourg will percolate through British judicial systems, especially on the charter.

Alex Neil: To clarify, are you saying, despite your criticism of the committee chaired by Malcolm Chisholm's colleague—that this committee is chaired much more proficiently—that you agree with that committee that over time the courts will effectively erode the opt-outs?

Andrew Duff: Yes.

Alex Neil: My second question was on the Irish referendum.

Andrew Duff: You are right that if the Irish were, unfortunately, to reject the treaty, that would be

that. We could not return to an IGC to unpick the thing all over afresh. I fear that the chance to reform the treaties and to create circumstances for an efficient, effective, democratic union would be lost for a generation.

Alex Neil: I propose that we go and campaign in the Irish referendum.

The Convener: You can do what you like, Alex.

We could profitably and enjoyably go on for another hour, but as we have three major items on our agenda today, we must restrict each item to one hour. Thank you for coming to the Parliament to give us evidence. That was a useful, stimulating and possibly at times controversial—in a good way—session.

Andrew Duff: It is a pleasure to be here.

10:59

Meeting suspended.

11:03

On resuming—

European Union Budget Review

The Convener: I apologise for our taking a short interval, but we have a packed agenda. Each of the three items is extremely interesting. Agenda item 2 is the European Union budget review. We will start with an opening statement from Professor John Bachtler, to whom we are grateful for coming to give evidence, before moving on to questions.

Professor John Bachtler (University of Strathclyde): Good morning. I am from the European policies research centre at the University of Strathclyde. I specialise in the development of regional policy—in particular, European cohesion policy. Today, I have been asked to talk a little more widely about the purpose of the budget review, about specific aspects of the budget and about the implications for Scotland and parliamentary engagement.

It is important to see the current review against the background of what happened in 2005, when EU leaders had difficulty in agreeing on the current financial perspective. The arguments centred on three things, the first of which was the total level of spending on EU policies. Members might recall that six member states, including the United Kingdom, took a particularly strong position on budget discipline. The second argument was about the allocation of spending to different policy areas, the key areas being agriculture policy, cohesion policy and other competitiveness policies. As member states benefit differently from different policies, it was also, *de facto*, an argument about what member states would get from the budget. The third argument was about how the EU budget should be financed—how much each member state should pay into the budget. The British rebate was a major sticking point in that respect.

To reach consensus, a clause was included in the institutional agreement requiring the European Commission to undertake a full and wide-ranging review of all aspects of EU spending including the common agricultural policy and the British rebate. It is important to understand that background, because similar issues and fault lines will be prevalent in the forthcoming negotiations on the current review.

When the review was announced, different member states took different views on its importance. Some saw it very much as a tidying-up exercise after the difficult negotiations in 2005; others saw it as laying the groundwork for the post-2013 programme of EU spending. The Commission has very much made a virtue out of necessity so as to give the review potentially more impact than some might have anticipated.

There are a number of important features to the review. First, as the Commission has said, the review is rightly described as a unique opportunity because it covers all policies, whereas agriculture spending was effectively excluded from the debate in 2005 because of a previous agreement. Secondly, the review is seen as having a strategic aspect. In other words, it is not just about money but about the direction of policies. The Commission in particular sees the review as an opportunity to match the lofty aspirations of EU leaders with the reality of constrained spending. Thirdly, the review is seen as a completely open exercise without taboos or preconditions, although the current set-up will inevitably be a departure point. Lastly—and importantly—the Commission paper lays down several principles for the future direction of spending. Those principles include efficiency, added value, proportionality and subsidiarity. Subsidiarity means the inclusion and involvement of Parliaments, Governments and actors at all levels.

The way in which the timetable will proceed is still somewhat open. The current consultation exercise on the budget will run until the spring. There will then be several major conferences, after which the Commission will prepare its proposals. Exactly how matters will be handled is not yet clear as the French, Czech and Swedish presidencies may each play a different part in that process. Ultimately, the intention is to reach agreement by late 2010 so that the review provides the basis for the next financial framework.

Some important aspects of the budget are up for consideration. As members may be aware, the current framework contains provisions for commitments of €860 billion, which is around £600 billion. That is quite a large sum in absolute terms but it is very small in relative terms—it is equivalent to about 1 per cent of European gross domestic product or just over 2 per cent of public expenditure.

On the expenditure side, most of the budget—about 80 per cent—is allocated to two spending areas, which are basically agriculture and cohesion policy. A further 9 per cent is allocated to so-called competitiveness policies such as research and development and lifelong learning. External aid and other overseas activities are allocated about 6 per cent.

On the payment side, the generation of the budget is quite complex but many of the payments into the budget are essentially based on the gross domestic product of member states. Of course, as I said, each member state benefits differently from different Community policies. In some policy areas, such as cohesion, there are clear allocations to each member state. In other policy

areas, such as research and development, it all depends how much use member states make of framework programmes on R and D, for example.

I turn to the UK's interests in terms of receipts from the budget. In 2006, which was the last year of the previous period, it was recorded that the UK received about €8.3 billion of European spending, of which more than half was in the form of agriculture and rural development support; €3 billion was in the form of structural funds; about €600 million was in the form of research and technological development funding; and there were smaller amounts of funding for vocational training and so on.

The implications for Scotland of the budget review relate partly to the money issue of how much Scotland will benefit from future EU spending; partly to the policy issue of what the future objectives of the EU should be; and partly to the means of delivery of those objectives.

While the overarching budget review is under way, a series of specific policy reviews is also being undertaken. You will be aware that the directorate-general for regional policy is undertaking a major review of the future of structural and cohesion funds. The directorate-general for agriculture and rural development is also undertaking a so-called health check of the common agricultural policy. The directorate-general for employment, social affairs and equal opportunities is consulting on a new social agenda. The directorate-general for health and consumer protection has produced a paper on the future challenges for the period 2009 to 2014. Other major strategies or policy reviews have either just been launched or are under way in areas such as energy, transport, the environment, fisheries and external development. Of course, we in Scotland have an interest in all those areas. There are important avenues for making views known.

On the expenditure side of the budget, it seems to me that we need to address a number of key policy questions. What do we want from a future cohesion policy? Should it focus on economic and social issues, or does it have a broader remit in addressing issues such as climate change, demographic ageing and so on, as the Commission proposes? Should the policy be restricted to the poorest countries and regions of the EU, or should richer parts of the EU, such as Scotland, also benefit in the future? How should the future governance of the policy be organised in terms of the division between European member state and sub-member state levels?

On the CAP, the questions are whether and how that policy should respond to issues such as climate change, biodiversity and water management. We must also consider the broader

implications of trade negotiations. To what extent should there be a shift from direct agricultural aid—aid that is provided to farmers in various forms—to providing support for rural development? How should the policy be financed? Should it be financed solely from EU level or co-financed? How would we like the rural development funding to be managed, particularly with regard to its relationship with structural funds?

Under the heading of competitiveness, where do Scotland's interests lie in terms of any future increase or emphasis on competitiveness funding in areas such as R and D and lifelong learning?

There are, of course, other policy areas that get very little funding at the moment and in which the EU is already debating its policy. Those areas include energy, climate change, the environment and migration. There are important issues on the income side in relation to how the EU budget is generated. The most radical question is whether there should be an EU tax as a means for generating resources.

I turn finally to the options for parliamentary engagement, on which the consultation period runs until 15 April. The directorate-general for budget has encouraged parliamentary engagement. It is clear that Parliaments in many countries are discussing the budget review, but it is not clear to what extent national or sub-national Parliaments will make an input to the consultation. None is listed on the DG budget website, although it is said that the regional Parliaments in Bavaria and Baden-Württemberg are planning an event with the Governments of those states in Brussels to launch their views on the budget agreement.

11:15

When the consultation period is over, there will be an important phase in which the European Commission will develop its own proposals. That will be a significant phase for lobbying inputs and other forms of dialogue with the Commission; we can do that indirectly, via the UK, or directly with the EC or the European Parliament. I am not sure whether Andrew Duff mentioned the budget review specifically. However, the European Parliament will have a much more important role in the next round of financial framework negotiations, which may well change not only the dynamics of how that is conducted but its outcome.

After the Commission publishes its proposal, there will be a third phase in which the negotiations will start. Again, there will be opportunities for input from this Parliament, either via the UK or directly into the European institutions.

The Convener: Thank you for that thorough and comprehensive introduction. Clearly, we are

mainly interested in how the changes are likely to impact on Scottish interests. We have written to the Minister for Europe, External Affairs and Culture about that, and we await a more detailed response.

We will start with structural funds, on which you made general remarks. I suppose that people assume that there will be a considerable reduction in structural funds to Scotland—I do not know whether you can say more about that. The other question about which I am slightly curious is the relationship between the major review and the DG regional consultation on cohesion policy. Will the latter feed into the wider review? How do those two reviews relate to each other?

Professor Bachtler: I will take the second question first, and then return to the issues for Scotland.

Cohesion policy, which is one of the major spending areas, is the area in which, until now, member states have been able to identify how they will benefit from the EU budget, which is central to any consideration of future financing. The cohesion policy review is motivated by two factors. First, it has been clear for some time that cohesion policy is not operating satisfactorily. It has been difficult to identify what its impact and added value has been. In the context of individual regions, one can certainly see the benefits, but it is difficult to perceive them at European level. The policy is becoming more complex and there are increasing concerns about aspects of its implementation. There are also issues around what its objectives should be in relation to wider European objectives. The review is generally motivated by a desire to get a better policy.

On the other hand, the directorate-general for cohesion policy is very much aware that it will be under great pressure in the negotiations, so it is not surprising that, as a spending ministry, it is keen to demonstrate that the policy is forward looking and that it can meet European objectives and provide value for money. There is, if you like, a political agenda there as well. However, the DG consultation is seen as something that will feed into the overall budget review and establish good ideas for future EU policy that pass the Commission president's tests of efficiency, subsidiarity, added value and proportionality.

Any impact on Scotland will depend on wider decisions about the EU budget. I see a number of scenarios, the first of which is that the status quo with regard to the overall budget will be maintained. In other words, member states will find it difficult to agree anything, and we will muddle along with pretty much the same kind of budget that we have had for the past 20 years, perhaps with a somewhat different share allocation to various policy areas. There might, for

example, be a bit more for competitiveness, a bit less for agriculture and much the same amount for cohesion policy.

On the other hand, some major net contributor member states might well argue for a more restrictive budget and less spending at European level. Indeed, similar arguments were deployed at the last negotiations. That said, at the other end of the spectrum, a reshaped European budget that focused more on policy areas that command support from net contributors might mean a larger budget. In any case, what happens to cohesion policy must be seen in that wider context.

Although this is pure speculation, I think, looking to the future, that one of the more likely scenarios is that the trend since the last negotiations of reduced funding for Scotland will continue. The challenge will be not only to find ways of using cohesion policy but to maximise any possible opportunities under other budget headings—for example, if spending for various competitiveness policies such as R and D is increased.

Alex Neil: I want to follow up some of those themes. The money that is being spent on cohesion is less than 0.5 per cent of the EU's GDP. Has there been any overarching assessment of the policy's impact and, if so, what results did it show up? Did it suggest that it was value for money?

Cohesion is, in some ways, a successor to the old regional development policy. I have carried out a lot of consultancy work in the Baltics and I would not put EU assistance in whatever form particularly high up the list of reasons for the high economic growth rate in the three Baltic countries. Indeed, I imagine that people in Estonia, the most successful of the three, would probably put their country's success down to, for example, their flat tax system rather than to EU subsidies. In that context, how important are cohesion funds in bringing those economies up towards the European average? Is the policy value for money?

Professor Bachtler: If I were asked whether cohesion policy had been successful, I would, in typical academic style, say, "Yes. No. Maybe." The various attempts to assess the policy's impact have had mixed outcomes. The Commission uses figures that are based on models that project the macroeconomic impact and it uses ex post evaluations of what has been achieved. Those studies produce reasonably impressive figures for the contribution of structural funds to growth and for employment. Other academic research has been less positive. Having recently examined quite a number of studies, I can say that, on average, cohesion policy in the past 20 years might have contributed an extra 0.5 per cent to GDP growth, particularly in poorer countries, and it might have contributed to the creation of 1 million to 2 million

jobs, particularly in poorer countries and regions, but not exclusively—that includes performance in Scotland.

As for value for money—

Alex Neil: If those are the figures, the cost per job must be horrendous.

Professor Bachtler: It is impossible to determine the cost per job, particularly because of the complex way in which structural funds are spent. For example, a huge amount of spending has been on infrastructure, particularly in southern Europe. One strategic problem with much of that spending is that it has been done somewhat in isolation—it has been somewhat disconnected from the demand side. Much investment has been made in the supply side of the economy, but investment in the demand side—in promoting business development and exploitation of that infrastructure investment—has been insufficient, although it is likely to happen over time. The spending of structural funds has increased in efficiency and is becoming more strategic than it was in the 1990s. However, the research suggests that a fair amount of spending has been used inefficiently, particularly in the 1990s.

One can see positive effects in some regions and in some countries, but much depends on the degree to which cohesion policy spending has been linked to wider economic and labour market policies, such as openness to trade and investment, having flexible labour markets and establishing an entrepreneurship climate that facilitates the creation of small businesses. It is fair to say that, since about 2000 and since the emphasis was placed on the Lisbon strategy, such issues have been recognised more, which is why I expect assessments of the efficiency of cohesion policy to be more positive for the recent period than they were for the 1990s.

Your second question was about the contribution of cohesion policy in central and eastern Europe, specifically in the Baltic countries. You are right to say that, until now, the effect of cohesion policy has been marginal there. Until 2007, the amount of money that was spent on cohesion policy in the new member states was very small, and money was spent on cohesion policy only from 2004 to 2006. Now, significant funds are going into those countries—for example, Poland is receiving more than €60 billion, which is about a fifth of the cohesion policy budget from 2007 to 2013. The Poles are very aware of the focus on them and on other central and east European countries, because if they cannot show in that period that they are using structural funds effectively, there is little hope of member states agreeing to maintain or increase the budget in the future.

Your reference to Estonia is important. The success of Estonia and other Baltic states is because of other policies, such as macroeconomic monetary policy, fiscal policies and labour market policies, that they are introducing. The Estonians are particularly anti-subsidy in how they think about their policies.

11:30

Apart from the economic impact, which is important, the Commission has often stressed the wider added value of its cohesion policy, that is, not just the economic aspect, but the contribution of structural funds to good governance and effective strategic planning in economic development. Some of the evidence from Poland and some of the other new member states shows the considerable impact of cohesion policy in governance, which is because the budgets involved are so significant. They are driving not just the governance of cohesion policy but changes in how national policies are governed and implemented, for example in public procurement, public management reforms, personnel management, and strategic thinking and planning. A recent paper from the Polish Government dwells heavily on that point and contributes to the debate. Those changes have occurred not just at national level, but at sub-national level—in the regions, which are getting sizeable cohesion policy budgets.

Alex Neil: Perhaps we should give the London Government some cohesion funds to help it to improve governance. But anyway—

The Convener: This is a good point at which to pass over to John Park.

John Park (Mid Scotland and Fife) (Lab): Thank you for your opening remarks, which were very interesting, professor. You have spoken about the make-up of the budget and how priorities are changing. Can you say a little bit more about what that might mean for delivery on the ground in Scotland? What might that look like? What might we expect to happen over the next few years, as priorities change? On engagement by the Scottish Government, what does it need to do to influence priorities—how and where money is spent—at the EU and UK levels? What must the Scottish Government do to have the most effective impact on behalf of the Scottish people?

Professor Bachtler: This is speculative, as we have no idea which way things might go, but let us consider some scenarios. First, what might happen to the common agricultural policy? The chances are that there will be a reduction in agriculture spending as a proportion of the EU budget. There will be a big political debate about that, but it is likely that there will be a reduction in

the overall level of spending. If there is not a reduction, there will be a shift within the agricultural budget from aid to farmers to aid for rural development, in other words, aid to everything other than farms—diversification, tourism and so on.

The agricultural people in Brussels are talking in particular about climate change, the importance of the environmental agenda, strengthening the ability of rural communities to cope with the impact of rising temperatures in southern Europe and greater turbulence in weather events, and the sustainability of agriculture. Potentially, greater importance will be accorded to rural development, so funding for it could come to Scotland.

Secondly, on cohesion policy and structural funds, a major shift has already happened in Scotland, so that instead of structural funds being focused on the economically disadvantaged parts of the country they are available Scotland-wide. Greater flexibility is important for Scotland—in other words, less prescription and more ability for the Scottish Government to adapt the budget to the priorities that it feels are important.

Competitiveness incorporates a lot of different things, including R and D and lifelong learning, but there is a potential challenge, because if the system continues as it is at the moment, funds might not always be pre-allocated to them. In other words, funds are made available for certain policies, but the degree to which member states and Scotland take advantage of them depends on how actively they get in there. We recently examined the way in which Scotland is geared up to access such funds, and one of the messages that came out was that although we are not doing too badly, there is scope for a more strategic approach among all the stakeholders that have an interest in accessing the funds.

Beyond that, there are issues on which the EU has not spent a great deal up until now—such as energy security, in terms of investment in renewables, and demography, in terms of migration and ageing—that might become important and will have budgetary allocations attached to them. We have interests in such areas, and there are potential budgetary benefits.

With regard to the Scottish Government and the kind of influence that it should have, the key issue is that it makes its voice heard on what the priorities and objectives of the EU budget should be from Scotland's perspective.

In addition, and equally important, is delivery, because one of the fundamental questions for the future is not just the priorities at European level but how they are managed. In other words, what level of competence is allocated to different levels? So far, the default position of the European

Union—or the European Commission, as the main executive body—has been to take a top-down approach. The key issue is to ensure that subsidiarity actually means something, and that we have maximum flexibility for the different policy areas. It is partly a question of trying to influence the priorities and the spending decisions, but—crucially—it also partly about how the money is spent.

John Park: So you say that the EU's policy priorities are pretty much set within the context of the budget, but we require much more flexibility in the detail of the delivery. Is that a fair assumption?

Professor Bachtler: Yes. The budget review is, at least in the way that the Commission has presented it, very much open. We should not necessarily expect the current configuration of the budget to remain after 2013, but there will be a big political fight to change it radically. We need to consider not just the scenarios in the overall budget but, as you say, the detail of how they will be implemented on the ground.

Irene Oldfather: As you know, I am very pro-European, but I am becoming increasingly cynical about EU budget reviews—maybe I have just been through too many of them. One of the major challenges that we always face is reform of the common agricultural policy. The CAP takes up a very substantial part of the budget, yet despite that it was actually removed from the negotiations last time round. I heard your response to John Park's question but, given that British farmers tend to be much more efficient, relatively speaking, than their European counterparts, and given that the UK Government consistently takes a view on CAP reform, what gives you grounds for confidence that this time round we will be able to persuade other member states of the need to take that issue on?

There have been very obvious inconsistencies and inefficiencies in the past—for example, pouring money into tobacco subsidies while at the same time promoting a positive European health agenda—yet we have never really been able to tackle substantially the difficulties that are associated with the CAP. You say that there may be opportunities for CAP reform this time round, but we did not even get the issue on the table last time round. Is it something in the positions of other member states that gives you grounds for confidence or has the Commission's approach changed?

Professor Bachtler: You are right to be sceptical. Perhaps I should have put more emphasis on the word “may” in talking about the scope for change. On the other hand, the reason why agriculture was not included in the previous review was that, during October to December 2002, France and Germany agreed a deal whereby agricultural spending would be agreed

until 2013. The German motivation for that was to ensure that there was no French opposition to enlargement, which was seen as the overriding objective and was going to be agreed in 2002. That deal took agriculture out of the equation. However, in the forthcoming debate, agriculture will be very much in the equation and will become another one of the so-called adjustment variables in the search for agreement.

If we based our judgment on past history, we would anticipate relatively little change in 2013, but there are grounds for believing that that might not be the case. The first is the external pressure from the World Trade Organization negotiations on agricultural subsidies—there will be continued strong pressure from those global negotiations. There are also internal pressures. In some senses, the European Union is facing a crisis of public confidence. Public opinion surveys show a fair degree of scepticism, not about the EU per se, but about European institutions and policies. People see European leaders making lofty statements and agreeing about the importance of issues such as climate change, competitiveness and investment in research, but the EU ploughs 80 per cent of its funding into agriculture and cohesion policy. If the EU is to reinvigorate itself, that must change.

Principally, the matter will come down to the French leaders' attitude to the CAP—although France is not the only country that benefits from the CAP, other countries have been happy to let France make all the running—and the UK's approach to the rebate. France and the UK have a big responsibility. The question is how flexible they are prepared to be. Sarkozy has made several speeches in the past year that could be interpreted as signifying greater flexibility, although different interpretations of those speeches could be made. He has presented himself as being very much in the vanguard of driving European reform, but let us wait and see.

Further, the present European Commission is the most reform-minded Commission that we have had for some time. Of course, the Commission is up for re-election but, depending on how the new Commission progresses, it will have a bearing. Also, as I said, the European Parliament will play a different role, which could change the dynamics of the negotiations, depending on the approach that the Parliament takes to the budget configuration. So, at this stage, perhaps I am a bit more hopeful than Irene Oldfather.

11:45

Irene Oldfather: I return to a point that Alasdair Morgan raised earlier: perhaps an EU president with an understanding of the British position might assist. I will not ask Professor Bachtler to comment on that.

Ted Brocklebank: John Park and Irene Oldfather have gone over most of what I was going to ask on the CAP. Irene Oldfather confesses to some cynicism about the CAP ever being reformed, and you said that you were sceptical about it, Professor Bachtler. I put it to you that many of us are equally sceptical about the common fisheries policy ever being reformed. Do you believe that there is any scope for major reform of the CFP in the current review?

Professor Bachtler: I am not an expert in that field so I cannot really comment, except to say that, as with all other areas of policy reform, reform of the CFP depends on a coalition of countries or interests to push for it. As there has to be unanimity on the outcome, all interests must be satisfied, so a major change in such a policy would require a fairly powerful coalition of member states.

Ted Brocklebank: Is not part of the problem the fact that many landlocked countries are involved in votes on the CFP? That kind of coalition is impossible to break. If people have no specific interest in the CFP but they have votes on it, how are we ever to reform it?

Professor Bachtler: It depends. If one or more countries considered it sufficiently important that they were prepared to make it a red line, it would have to be taken seriously. This is a narrower point but, for the Nordic countries, support for sparsely populated areas under cohesion policy is a totemic issue, because it is of fundamental political importance for their regional policies. They have made specific support for their interests a condition of agreeing to reforms of cohesion policy and, indeed, part of the overall budget negotiations.

On the other hand, those measures are relatively small and relatively cheap, so it is possible to get the Nordic countries' support for a budget deal without too much problem. Reform of the CFP is quite different and, presumably, member states would argue for and against it. However, as I say, I am not an expert on that, so I may be underestimating or overestimating the possibilities for change.

The Convener: I have a process question. Once the consultation on the budget review is over, what will the timescale be for the negotiations and final agreement? You have already said that the European Parliament will have a new role in the process. What role could this Parliament or the Scottish Government play post the consultation? That point is coming up quite soon and we want to think about what the process will be after the consultation is concluded.

Professor Bachtler: I am unclear exactly when one can anticipate the launch of the Commission's

proposals. As far as I understand, it depends on which presidency decides to take it on. We have the French, Czech and Swedish presidencies in succession from the second half of this year and they will determine how the process is managed. That is quite important, as it determines when the different pressure points arise.

Beyond the current consultation, the phase when the Commission is developing its proposals will be important. The Commission is particularly open not so much to a statement of positions and member states saying, "This is important to us," as to creative or innovative ideas—based on reality—about how the objectives that are set in the budget review can be met, regarding either their priority or their delivery. Such ideas might, for example, point to successful ways in which to address, within Scotland or elsewhere, climate change, energy security, demographic ageing, migration and competitiveness, and they could provide a model for policy development.

That is the Commission phase; then comes the negotiating phase, once the proposals are published. The critical issue at that stage will be what the UK negotiating line is. It will be necessary to influence the development of the UK negotiating line or, if there are issues that are important for Scotland that depart from that negotiating line, to find alliances with other parts of the European Union through which to make common cause in influencing the policy-making process.

I am sorry, but I have forgotten your second question.

The Convener: It is okay; it has been covered.

Iain Smith: You have talked mainly about the expenditure side of the budget—perhaps inevitably. Are there likely to be any significant changes on the resource side? You mentioned that there is likely to be pressure from the net contributing countries to cut the gross national income-based resource. There was pressure for that to happen in the previous budget review, too. Might there be some pressure to reduce reliance on the GNI resource base by increasing some of the other resource bases or by looking for a further source of funding? Do any of those things have implications for Scotland? Does the fact that the overall EU budget is restricted have implications for what Scotland can get out of it?

Professor Bachtler: It is difficult to say. Ultimately, it depends on the balance of income and expenditure. However, I have some comments to make on the own resources side.

The implications in terms of own resources depend on the overall level of spending. The main issue is whether there will be any kind of reform of the current system, especially regarding rebates. Although the UK rebate is the most important,

other countries have, increasingly, benefited from special concessions. I am thinking of Austria, the Netherlands, Germany and Sweden. Those concessions have been based on similar concerns that the countries are paying too much into the EU budget in relation to what they are getting back. It has become increasingly complex and messy.

If the system remains the same, it is in the interest of the net contributor countries to reduce spending. However, some people have suggested that, if we are to make any progress on changing how we decide the expenditure policies, we must address head on the issue of net balances. It has been suggested that some sort of agreement be reached at European level about what constitutes an equitable share that can be expected from each member state. The suggestion is that there should be a mechanism—leaving aside policy questions and dealing with budgetary questions—by which member states agree on a fair share for each country. One could play with various kinds of weightings, although it is difficult to imagine anything other than gross domestic product being the primary factor. Assuming that agreement could be reached, member states could then move on to discuss policies—focusing on the quality and delivery of policies, as opposed to focusing on what they could get out of the policies to improve their net payments or net receipts.

There are variants, and I have made some quite crude generalisations, but those are the kinds of discussions that we are having as we consider how to address this knotty issue.

Alasdair Morgan: In relation to maximising the structural funds coming in, you said that the taking of a more strategic approach by certain stakeholders would have helped. Had you any particular culprits in mind?

Professor Bachtler: I do not want to talk about particular culprits; I want to talk about the system as a whole. We are now in the seventh framework programme for research and development, and the degree to which we exploit it and receive funds from it depends on individual universities, or departments within them, working with agencies or businesses to apply for funding. Scotland Europa is active in increasing awareness and ensuring that different stakeholders maximise their share of the seventh framework programme. It is also active in areas such as lifelong learning, vocational training and other smaller budgets. However, the resources that are available to Scotland Europa for that work are quite limited. A disparate set of stakeholders are each doing their own thing. There is no sufficiently strategic approach to targeting funds and getting more receipts for Scotland. A strategic approach will become much more important if such European funding increases in future.

Alasdair Morgan: Will more Government involvement be required?

Professor Bachtler: It is more a case of more co-ordination being required. At Government level or in the agencies, the level of resourcing is not huge—it is fairly minor. We have to ensure that the right people are talking to each other around a table like this one, so that everybody is aware of what everybody else is doing. A quick response will be required to any opportunities that arise. We need more coherence in approach and more co-ordination in practice, initiated from the centre through, for instance, Scotland Europa.

The Convener: We could quite happily go on for another hour, but we have another major agenda item to consider. I thank Professor Bachtler very much. He has given us very useful information.

11:59

Meeting suspended.

12:02

On resuming—

Scottish Government's International Strategy

The Convener: I welcome to the committee Robin Naysmith, who is the Scottish Government counsellor for North America, and Leslie Evans, who is the director of the Scottish Government's Europe, external affairs and culture directorate. I invite the witnesses to make an opening statement, after which I will open up the meeting to questions from members.

Leslie Evans (Scottish Government Europe, External Affairs and Culture Directorate): I will give an overview of the international strategic framework that the Scottish Government is developing, not least to give a bit of context to today's discussion on North America. Because the strategy is under development, I can pick up issues that members raise and feed them into the process.

I do not pretend to have an encyclopaedic knowledge of everything internationally or in North America. Given that he has been in North America only a few weeks, I am sure that Robin Naysmith would say the same thing. However, if we cannot answer a question in detail today, we commit to making a quick written response to the committee.

The international strategic framework will act as a strategic umbrella for a number of detailed plans, initiatives and interventions, including the Europe plan, the refreshed China plan and the international development plan. The framework has three key objectives. The first key objective will be to help to achieve the Government's overall purpose of sustainable economic growth in Scotland, for which we will use the traditional and well-trodden paths of increased trade and inward investment, tourism and attracting overseas students to Scotland.

The second key objective will be to promote and market Scotland in order to influence people to choose Scotland as an excellent place to live, learn, visit, work, do business and invest. That will impact on the way in which we work most effectively with our partners and public agencies that work in these sectors.

The third key objective will be to promote Scotland as a distinctive global identity—a confident and ambitious place in the world. In this regard, we will consider issues and policies such as public diplomacy and nation branding, as it is called, both of which were raised in the Scotland's place in the world conference that the British Council sponsored the other week. We will also capitalise on the strong identity that Scotland has overseas.

In taking forward the framework, we recognise that we are but one player in a crowded and competitive international marketplace. The Scottish Government needs to be focused, realistic and credible about what it can achieve. That will mean four things. First, it will be important that the Government is clear about what it alone can achieve and where it alone can add value, as opposed to supporting and developing the expertise, experience and activity of others who work in the field. We want to be able to identify and respond quickly to points of leverage to which the Government alone can add value. The Government might do that through visits, through support from ministers or through specific interventions, such as the Confucius Institute for Scotland, which has given us and the University of Edinburgh a platform from which to work with China.

Secondly, we will need to take a fresh approach to key partnerships and our relationships with our stakeholders. It is important that, rather than just engaging people at the beginning of the process, we consider how we maintain dialogue and engagement as the strategy goes live and rolls out.

Thirdly, we will need to acknowledge that although our key strategic objectives are clear, how we talk about and promote Scotland will be different for different sectors, markets and customers. It will be important to align the international activities of our key delivery partners in the public sector and to demonstrate a joined-up approach to promoting and supporting Scotland's interests abroad. Robin Naysmith will want to talk about that as it relates to his role in North America.

Finally, we want to take advantage of our size and be agile, fleet-footed and nimble enough to be able to capitalise on opportunities and areas in which we think that we have a competitive advantage, such as the reputation of our universities and education system, the finance sector and life sciences.

I have given a flavour of how the strategic framework is being developed. We hope to hold a discursive session with key partners and stakeholders in March, and I understand that the Minister for Europe, External Affairs and Culture will talk to the committee about the framework in April. We anticipate that the framework will be launched in spring, alongside more detailed plans that sit underneath it, such as a refreshed China plan—the committee will hear more about that in March.

Robin Naysmith will talk about how North America features in all that.

Robin Naysmith (Scottish Government Counsellor in North America): I thank the

committee for giving me the opportunity to discuss Scotland's engagement with the United States and Canada and my role in that—and thank you for inviting me on super Tuesday, as the convener mentioned before the meeting. I have been in Washington for only a few weeks, so it is early days for me. I have spent most of my time talking to people, to find out what they think that Scotland should be doing. I welcome the opportunity to hear and discuss the committee's views.

I commend the paper that the committee's clerk produced, which provides a succinct and accurate summary of the background to my appointment. I add two or three points to that and to Leslie Evans's introduction. First, my appointment as Scottish Government counsellor in North America should be seen in the context of the development of devolved Scotland's engagement in North America. The process began in 2001 with a decision by the then First Minister, Henry McLeish, to base a Scottish civil servant in the British embassy in Washington DC. Susan Stewart was appointed as first secretary for Scottish affairs and was succeeded in the role by Michael Kellet, who was appointed in 2005. My first challenge is to build on the important work that Susan Stewart and Michael Kellet did in establishing a Scottish Government presence in Washington, progressively raising Scotland's profile in the US and building important relationships.

My second challenge is geographical and diplomatic, in that my post covers the whole continent of North America. For the first time, the Scottish Government is seeking to engage and establish relationships directly with Canada as well as the US—that adds 10 million km² and 31.5 million customers.

My third challenge is to try and add value by improving the co-ordination of activities by the Scottish Government and its agencies, to support the Government's overarching strategic objective of increased sustainable economic growth. That means not just extending our reach but deepening our engagement, with a view to bringing a sharper focus to the business opportunities that exist in the US and Canada and considering how they can support increased trade and investment in Scotland.

Finally, I am enormously proud to represent Scotland in two such important countries as the US and Canada. I am frequently overwhelmed by the good will that is extended to me when I meet people in Washington and elsewhere. If we could bottle the good will that they feel towards Scotland and the Scots, we would be on to a winner. It is a huge plus for our country, and we should treasure the fact that we are so well received abroad, particularly in those important countries.

The Convener: Thank you for those two succinct and informative introductions. Robin, you answered my first question to some extent but, for the sake of clarity, can we be certain in our minds about the differences between your role as counsellor and the previous role of first secretary? To summarise, I think that you said that the differences are to do with including Canada, an emphasis on co-ordination, and the further raising of Scotland's profile in North America. Is that a fair summary of the differences, or are they wider than that?

Robin Naysmith: That is a fair summary, but I will expand on the point. Canada is an important added dimension and, as I said, a pretty significant one, so the way in which we take that forward is important. I am sure that we will talk about the previous Administration's US strategy and where we go from there but, in the case of Canada, we are pretty much starting with a blank sheet of paper. We will be talking to people in the coming months, and I will be interested to hear views on how we can take on a country such as Canada in a sensible way—in bite-sized chunks. We do not want to overextend ourselves and be too ambitious, but we must not sell ourselves short either, given that there is so much good will in that country.

The point about the scope and responsibilities of the role is important, because it involves not just co-ordinating but driving policy as it relates to North America. I will explain that in a little more detail. Previously, North America was dealt with within our international division. Because of the changed grading of the post, we have taken the North American role out of the international division. Obviously, it has not been separated out entirely, but we recognise that it is a substantial role in itself. The generation of policy for North America now sits with me as well as the co-ordination of activity on the ground. It is a policy, co-ordination and diplomatic role.

The Convener: Does the co-ordination involve co-ordinating Scottish Government agencies, or is it wider than that? Does it involve other Scottish interests that operate in North America?

Robin Naysmith: In the final analysis, it is as wide as we want to make it. A huge variety of stakeholders are active on the ground in the States. There is a huge number of societies with Scottish affiliation—about 1,000 in the US alone. I could easily spend every day interacting with them, but the challenge is to prioritise. Essentially, I am there to represent Scotland's interests in the widest sense. Obviously, when it comes to the public sector, I have a more direct, hands-on opportunity to try to manage, co-ordinate and achieve better value for money from our deployment.

Alex Neil: I have two broad sets of questions. They are particularly for Robin Naysmith, but Leslie Evans should feel free to comment.

First, what resource is available to you? How many staff have you got in the US and in Canada? What is your relationship with Scottish Development International, VisitScotland and other bodies that organise transatlantic links, such as the Scottish Arts Council?

That is my first broad set of questions. When you have answered those, I will move on to the second set.

Robin Naysmith: My answer will be broad, too, because the two things—our staff resources and our relationships—are interrelated. I will try to answer as logically as I can.

The short answer to the question how many staff work directly to me as part of the Scottish Government is that there are three of us in the office in Washington, including me, and there are two staff here in Edinburgh. That is the limit of the—

Alex Neil: Nobody in Canada?

Robin Naysmith: Nobody from the Scottish Government is based in Canada at the moment.

On the second part of the question, as part of my co-ordinating role, I have a new relationship with the SDI. Part of my role is to provide strategic leadership for its work. We are working through how we interpret that and what it means. What SDI does is very much part of the Scottish Government's strategic agenda, which is my responsibility. It has 30 staff in six cities in North America and two staff in Toronto. Those are its only staff in Canada.

12:15

Alex Neil: Does Lorna Jack report to you?

Robin Naysmith: She has a management relationship with me and a professional relationship with SDI in Glasgow.

Alex Neil: Okay. So there are just under three dozen people in North America in total.

Robin Naysmith: That is correct.

Alex Neil: My second set of questions is specifically about the US strategy. Our briefing note states:

"Scottish Ministers agreed that the US strategy should have a regional focus on Washington DC"—

not Washington state—

"California, Georgia, Illinois, Massachusetts, New York, North Carolina and Texas."

That is not a regional strategy; it is a state strategy. A regional strategy would focus on New England or the mid-west, for example. However, a more important issue is why it was agreed to focus on those states.

Robin Naysmith: The agreement pre-dates my involvement, although that is not as much of a disclaimer as it sounds. There were different reasons why those areas were picked. I may not remember all of them off the top of my head, but I will do my best.

Washington was picked for an obvious, self-explanatory reason: it is the centre of government, and there are business opportunities in the Washington area. Boston is an educational and high-tech centre—it is a base for the Massachusetts Institute of Technology and the life sciences sector. Houston was also chosen for self-evident reasons—I refer to the oil and gas business there and the huge trade links with the States that were already in place in that sector. There are SDI offices in Boston and Houston. New York is also a centre for obvious reasons—it is the business and financial capital. SDI has a small office there. There are an SDI office and a British consul in Chicago, Illinois, because it is a reasonable centre of business and industrial activity.

Alex Neil: Barack Obama comes from there, too. That could be advantageous.

Robin Naysmith: I think that the strategy pre-dates even Mr Obama's presidential campaign. Illinois also has one of the most active diaspora societies in North America, which is a factor, I think.

There is an SDI office in San Jose in California, and there are consuls in San Francisco and Los Angeles. It is not difficult to see why. California has the biggest Scottish diaspora in North America, and it is a centre for the life sciences, information technology and business of all sorts.

Have I covered everything?

Alex Neil: I was puzzled by the inclusion of North Carolina.

Robin Naysmith: North Carolina is sometimes referred to as the Scottish state, not because it has the biggest Scottish diaspora in North America—I have read that California does—but because it has a strong affinity with Scotland. There are good business opportunities in North Carolina.

Alex Neil: Other members are keen to ask questions, but I would like to ask some specific questions before they do so. I know that we are time constrained.

First, why is Washington state not covered by the US strategy, given that the aerospace sector is

now one of our key sectors and that there are strong links between companies in Prestwick and Seattle?

Secondly, you have mentioned the Scottish diaspora several times. What is the Saltire Foundation's role and purpose in life?

Robin Naysmith: Your first question touches on an important point. A couple of weeks ago, I was at a team meeting with SDI colleagues in Boston in which we considered their priorities for the year ahead and their performance in the current year. I was interested in what the representative from the west coast said. He was enthusiastic about the number of opportunities in and around Seattle and about the increasing number of huge global companies that operate out of Seattle. Also, the Seattle area has been described as being very similar to Scotland. If we are revisiting or refreshing the strategy, as I expect we will be doing during the coming months, we will want to look at that area particularly closely because there are good opportunities there.

I can tell you a limited amount about the Saltire Foundation. In my previous role, I was at its launch by the First Minister and Scottish Enterprise somewhere in this city. From a briefing for that event rather than for this morning's meeting, I recollect that it is an initiative that is being promoted by Scottish Enterprise to allow young, potential future entrepreneurs from Scotland to experience business placements in US-based companies for a limited period of time so that they can build up personal connections and experience commerce on that side of the Atlantic.

Alex Neil: Does it cover old parliamentarians?

Robin Naysmith: I am not sure that there is an age limit on it.

The Convener: I have a line of speakers waiting to come in, but could Leslie Evans clarify this point? Are you reviewing the geographical focus or, more generally, the US strategy? Have you not yet decided on that?

Leslie Evans: We are looking at how we proceed with the next stage of our US activity. As everyone around the table will be aware, it has not been that long since we consulted heavily on the previous strategy, so we do not want to throw all that in the air when we know that quite a lot of what was being talked about for the previous strategy is still pertinent, particularly the focus on sustainable economic growth for Scotland. We thought that it would not be appropriate to suddenly start producing another piece of paper. It would be more appropriate for Robin Naysmith and the team to have a chance to survey the land and his new role, and to take time to listen to views on Scottish Government activity.

Undoubtedly, we will want to review and refresh the plan.

We also want to look at where we get fresh baselines from which to work. So we will not just be considering Robin Naysmith's new role and what it means for our future US activity; it will also be about how we evaluate the added impact and value of his role and the team's role out there, particularly through co-ordination with SDI and VisitScotland, as well as with other organisations that work out there, including the Scottish Arts Council and creative Scotland, about which we can talk a little bit more in a minute.

Irene Oldfather: Thank you for coming to the committee. You might be aware that a previous committee report looked at the promotion of Scotland and that we visited the United States. The report recommended rolling out the strategy a bit further because we found that there was a lot of engagement in Washington and New York, probably because of the SDI connection, but not as much further west, where we thought that there would be a lot of opportunities. Although at the time there was a regional focus on the states mentioned earlier, very little was happening anywhere else. You have said why there is a focus on those states, but is anything happening? There are connections there, but what is the level of engagement now?

Robin Naysmith: We have SDI offices in most of the priority areas that were identified by the previous Administration's strategy. Those offices have sales forces of varying sizes—they have between two and five staff—and they are out on the road every day selling Scotland, talking about business opportunities, knocking on doors and trying to tease out opportunities. Those opportunities come from all directions and sometimes the gestation period between knocking on the door and delivering jobs in Scotland can be long. There can be 18 months to two years of courtship, if you like. A lot of activity is being done out of those bases. Although I have not really been around long enough to form a judgment, the people who are there would probably say that the activity has proved the value of having those bases in those locations. That is not to say that if we were going to re-examine the geographical focus in future, as we might well do, we would not also want to consider the deployment of resources.

That feeds directly into Irene Oldfather's first point. In an area the size of the US and Canada, we are always going to be constrained by the amount of resource that we can deploy and the return on that. Inevitably, that will force us to prioritise where we think the best opportunities lie. We might get those choices right, and we might get them wrong.

Whatever strategy we have for the future—whether it has a geographical focus, a sectoral focus or a combination of both—we must have enough flexibility within that strategy to be able to respond to unexpected opportunities. It would be most unfortunate if the chance of a lifetime passed us by and we did not chase after it because that was not in our strategy or we did not have the resources on the ground to be able to do that. I talked earlier about adding value, and there is an area of my role that I would like to develop. I am not a salesperson and I am not there to do SDI's job for it—that would be silly—but what I hope I can do is bring a broader strategic focus and say, "Okay, we need to look at that, we need to crash on with the sales figures and we need to get our results in, but we also need to keep an open mind about other areas that might develop and other policies that may be developing on this side of the Atlantic that could have an impact on how we want to present ourselves in the US and Canada."

Leslie Evans: In addition to the activity that Robin Naysmith talked about, there is some activity over which we do not necessarily have direct control—why would we?—but which we know is going on and which we know is helping to promote Scotland. One example of that, which we fund, is "Black Watch", which has had enormous success. The National Theatre of Scotland did 47 performances in the States, and played to 20,000-plus people in New York and Los Angeles. The Traverse Theatre, Stellar Quines and Citizens Theatre are all visiting the States over the next few months—there is a role for Robin Naysmith to play in supporting that kind of activity. The National Galleries of Scotland has been working with Pittsburgh on its recent exhibition of Andy Warhol. Apart from the direct activity that is taking place in the States, there is a range of other activities to promote Scotland to a different section of the community, which Robin can link into and help to support and promote.

Irene Oldfather: One of the other areas that we picked up was the lack of connectivity between policies. Robin Naysmith mentioned that there is a presence in each of the states—I assume that it is an SDI presence—yet the strategy is also about increasing tourist potential. We identified that people are not talking to each other enough to get that connected-up and co-ordinated approach. I hope that you will bear that in mind in the review that you are undertaking.

Robin Naysmith: That is very much part of the thinking behind my post. Mr Neil made a point at the round-table session on 22 January. Historically, there has been a fair amount of activity by Scots agencies of one sort or another, in which they all get off the plane somewhere in America and rush around trying to generate the right kind of business for Scotland. The question

that has not really been asked hitherto is just how connected that is and how much it represents good value for money. Part of my job is to try to see those bigger opportunities and to try to connect things up a little more efficiently, so that we have a consistent story to tell and make the maximum amount of impact with what inevitably will always be limited resources.

Ted Brocklebank: I have to dash off to another meeting, but I wanted to take part in the dialogue that you are inviting on the parts of the United States and Canada on which you might concentrate. You are a lucky man—you have a great job. I have lived in and spent time in America and Canada, so it occurs to me that Toronto could be viewed less as a Canadian city than as a United States city. I have lived and worked there, and it seems to me that Toronto relates much more to New York, Boston and that triangle than it does to the rest of Canada. I counted the names beginning with “Mac” in the Toronto telephone directory and there are more there than in the Edinburgh telephone directory. However, that is by the by.

What is also interesting about Canada is the diaspora in the north-east, such as in Nova Scotia, Prince Edward Island and Newfoundland. Cape Breton Island in particular is massively important, perhaps not economically but culturally, given that Gaelic remains there. Economically, it is interesting to keep an eye on Athabasca and Alberta, given the oil and gas developments there, which links very much with what is happening in Houston.

Robin Naysmith: You are right about Toronto, and its close proximity to the US. It is no accident that the US is Canada's biggest trade partner by miles. Behaviourally and culturally, Toronto and the US are probably very similar. I am going to Toronto and Ottawa in a couple of weeks, so perhaps I will get a more informed perspective this time around.

12:30

Equally, I share Ted Brocklebank's views on the Alberta opportunities. Last week, I met the Canadian high commissioner in London. He was enthusiastic about my appointment and the opportunities for a closer partnership between Scotland and Canada, not in a dewy-eyed, diaspora-related way, but on the hard-nosed basis that Canada has a thriving energy industry and we have some first-class companies with a wealth of expertise. The opportunities for trade are obvious, particularly—but not exclusively—in the energy sector. Places such as Calgary may well become part of my itinerary in the future.

Iain Smith: In my experience, there is more to do in Canada than read the telephone directory.

In relation to Washington state, its proximity to Vancouver and British Columbia is worth bearing in mind. You might be able to kill two birds with one stone in that respect.

I want to talk about Scotland week—or tartan week as it was known before it was rebranded. Before I do so, I should declare an interest, in that I think I am the Liberal Democrats' nominee-elect to be part of the Scotland week delegation this year.

What is the role of your office in relation to Scotland week and how do you see it developing? How is the Scottish Government intending to review Scotland's direct involvement in tartan week? Those of us who go on behalf of the Scottish Parliament will be looking to see what the Parliament's role is, to ensure that we are doing something useful.

Robin Naysmith: Ministers have yet to sign off formally their programme for events this April. They will do so and, at that point, they will announce the priorities and how this year's event will differ from previous tartan weeks. What I say in answer to the question is based on dialogue that we are having with ministers and on what we expect to achieve.

Scotland week is a good example of an event to which my role can add value. Historically, various programmes during tartan week have been sponsored by parts of the public sector. As well as money coming centrally from the Scottish Administration, money has come from VisitScotland to a substantial degree, and from Scottish Development International to a lesser degree. It will be no surprise that the astute promoters of events in North America have been clever about dealing with each of the constituent parts individually and coming to separate arrangements, which cannot possibly represent best value for Scotland, in my view.

One of the changed approaches to this year's event is that I have overall responsibility for co-ordination of the programme and for the involvement of the various agencies that will be promoting events. VisitScotland will be involved, as in the past, but there will also be more activity on the part of SDI. That is not only because it is a resource on the ground but because there has been a shift in emphasis in the purpose of the celebrations.

It is worth pointing out that tartan day does not belong to us; it is a North American holiday. Therefore, any plans that we have to rebadge our activities cannot affect tartan day, as it is established by Senate resolution and so on. It would be counterproductive to start trifling with that. However, we can present our programme of activity more broadly in order better to represent

what Scotland has to offer. By that, I mean that I expect an increasingly sharper focus on the business opportunities. It is great to go to the USA for tartan week or tartan day and it is great to celebrate our culture there, but it would also be good to do some business at the same time. That means that we need to be more hard-nosed about the events that we sponsor and those that we do not.

As I said, a huge amount of good will exists towards Scotland. Many of the 1,000 or so Scotland-affiliated organisations will do their own activities for tartan day, whether we are there or not—it is perfectly right that they should. We should perform the trick of getting alongside those organisations without trying to do their jobs for them or spending some of our resources duplicating activities in which they are as well placed to engage as we are.

In relation to the business sector in particular, there are some areas on which we might want to focus a bit more, such as how we involve businesses and locate that activity within the programme of events. For reasons that the committee understands better than I do, a limited amount of ministerial and parliamentary time is available to be deployed on the other side of the Atlantic, so it is important that we make the best use of it.

In previous tartan weeks, most of the activity has been focused on New York, for a variety of reasons. I expect that there will still be a significant focus on New York, not least because a number of the big events that have become part of the tartan day/tartan week/Scotland week calendar are, and will continue to be, organised by other organisations. We support that. However, subject to ministerial signing-off of the suggestion, this year, as part of our wider strategic objective of extending our reach, we will make a significant effort to spread the reach of the Scottish Government's programme well beyond New York city.

Gil Paterson: I have another question on the ownership of tartan day. There is a perception in Scotland that the Scottish Government has created tartan week, but that is clearly not the case. I have heard feedback from friends in America that the impact of tartan day is on-going. Does the Scottish Government intend to audit the impact of tartan day and what it leaves behind? Does it plan to find out how much American, as opposed to Scottish or UK, money is spent and what benefits flow back to Scotland from that? My question has two strands: what we in Scotland get out of what happens in America and how we could engage with people in Scotland to lift the profile of our activities in America. Many Scots are extremely sceptical about what happens during

tartan week—they think that it is just about ministers and MSPs going to America and turning up in kilts. They do not know enough about what happens during that week and after it. I realise that I have asked several questions; I hope that you will be able to field them all.

Robin Naysmith: I will begin with the final point. Although I understand the scepticism, to a degree, the fact that America and Canada have chosen to recognise Scotland on a particular day in the year is a massively significant opportunity for us. I could not imagine the Irish Government ever deciding not to fund St Patrick's day activities on the ground that it did not think that they would provide good value for money. Tartan day represents a huge opportunity that we would be unwise to squander.

I accept that there is a need to demonstrate the added value of our activities in the USA and Canada. I hope that we will sharpen our focus as regards the purposes of our engagement, while recognising that organisations that are based in those countries will continue to do what they do. Without putting any distance between us and them, we might need to make a clearer distinction between what we the Scottish Government, through the taxpayer, is funding and why, and what events are being held in the US or in Canada because people there choose to hold them.

Through better co-ordination of our—by which I mean Scottish Government-related—activity, we will be able to evaluate more closely what we spend and how it relates to our objectives. Evaluations of previous tartan weeks have been carried out and published, and I expect that we will continue to do that in the future.

Part of that process will require us to be more focused on what we see as the outcomes. We may not necessarily measure them by way of survey data of awareness of Scotland, as was the case in the past. Such data can be variable, depending on the size of the survey, the time at which it was taken and so forth.

In our evaluations hitherto, we focused more on organising and running a tartan week, but not on the longer-term benefits of awareness raising, promoting trade, and encouraging people to visit Scotland or study here. We need to take a more strategic look at what we are trying to achieve and how we can measure that meaningfully.

I turn to the question of what the Americans and Canadians do with their money and what that does for us, which is much more problematic. North America's fairly open tax regimes give us access to quite a lot of information on companies, charities and the like. That is one route that we could go down, although it is difficult for us to go to some organisations—friendly societies or whatever—and audit what they are doing. I am not sure that we have the locus to do that.

Gil Paterson: Fair point.

Can I come in on another area, convener?

The Convener: John Park is waiting to put his question, so I call him and return to you, Gil.

Leslie Evans: If I may, convener, I want to pick up on something that Robin Naysmith said. Last year's survey on tartan week made specific recommendations on how we might look in the future at measuring the economic impact of tartan week, particularly given the difficulties of pinning down impacts. We need to look at the nature of our data collection and the time over which we monitor it. We cannot in a week establish whether we have made a major economic impact. We have to consider that when we plan the events and evaluation process for this year's Scotland week.

John Park: I had a meeting yesterday with the Pittsburgh regional partnership. Given the city's 250th anniversary this year, partnership representatives are in Scotland to look at the links between Pittsburgh and Dunfermline, particularly the links that Andrew Carnegie, John Forbes and so on made. Given the size of Pittsburgh, I was struck by the question whether it would not be more feasible to link it with the east of Scotland or the whole central belt. The city is huge compared with Dunfermline and I wonder how wide the appreciation of those differences of scale is. There is a regional and state aspect to consider. How will we ensure that expectations are managed?

We want the USA to have a wider understanding of Scotland's priorities and place in the world. The official whom I met had gone round a number of organisations—including local government, enterprise companies and so forth—meeting the movers and shakers, but was unaware that the Scottish Government had a US strategy because no one had mentioned it to him. That shows the need for awareness raising. How do you plan to promote the strategy more widely in Scotland?

I have just made quite a good pitch for Pittsburgh, but I will make one for Carnegie, too. Like Gregory Burke, who wrote "Black Watch", Carnegie was from Dunfermline. We could exploit more widely Fife and Dunfermline's historical, industrial and business links. Certainly, Carnegie is a name that is widely known in America in terms of philanthropy and industrial progress over the past 150 years. Does that form part of your thinking?

Robin Naysmith: I will respond in two or three ways, if I may. First, we will bank the pitch on Pittsburgh with pitches that have been made for Seattle and other cities. The point on scale was a good one, particularly in terms of managing expectations. I alluded to that at the outset when I spoke about the opportunity of taking a fresh look at Canada and what we do there. Part of the

challenge in doing that is managing expectations. As Mr Brocklebank said, the strong Scottish connections mean that there is a huge reservoir of goodwill and enthusiasm for Scotland in Canada. However, we still have to manage expectation in a way that allows us to make significant progress in areas without disappointing too many people at the same time.

Carnegie is an iconic figure in North America, whom people like me can use almost like a calling card. People may not have heard of the Scottish Government or of other aspects of our modern culture, but they have all heard of Carnegie. The chances are that there will be a building somewhere in the vicinity with his name on it.

12:45

The point about the official from Pittsburgh not being aware of our involvement flags up an important issue for us, which is that we have missionary work to do on this side of the Atlantic. We are taking a new approach, and it will take a little bit of time for various areas of the public sector to become aware of it and recognise its benefits. I have work to do on that, but my colleagues in Edinburgh also need to do work on that for me that involves trying to make connections on this side of the Atlantic that, I hope, can provide a conduit for communications with me and my colleagues in North America.

Gil Paterson: My final observation is that you have a big job ahead of you. Members around the table have certain expectations about your work in the USA, but you have so few people at your disposal to do that work. Given the capacity that exists in the United States—never mind Canada—you can do little. Because the task is so great, I am not sure that you should split your resources. However, there are oysters waiting to be harvested there, so I wish you good luck. I hope that you can come back with some pearls.

Robin Naysmith: Thank you.

The Convener: What will your relationship be with the British Embassy in the USA and the British High Commission in Canada?

Robin Naysmith: My office in Washington is in the British Embassy. The team in the Scottish affairs office have been in the embassy since 2001. They are my colleagues, with whom I do business every day.

I am going to Ottawa on 19 February to meet the high commissioner, before going down to Toronto to meet the consul general. The visit is partly to establish working relationships: I do not, for two reasons, anticipate that that will be a problem. First, I have received nothing but support from the Foreign and Commonwealth Office and from the

British Embassy during my period in Washington; secondly, there are well-established working relationships between SDI and the consul general network throughout North America. SDI has offices in the same places as six of the nine consulates across North America. That good fit is not accidental—the United Kingdom trade and investment arm is co-located in the consulates, and SDI does a lot of daily business with it.

The Convener: This question is for Leslie Evans. The existing strategy has seven targets for achievement by 2010. Has an analysis been done on measuring progress?

Leslie Evans: Do you mean on the US strategy?

The Convener: Yes.

Leslie Evans: That is one of the areas in which we have put in place processes that have been agreed with our analyst colleagues. When we consider rolling out or refreshing the new strategy, we will want to report on what we have achieved and what evidence base we have on the achievements of the previous strategy.

The Convener: I have a final question, but one of my colleagues may have another—there are still a few minutes to go. The committee heard at its round-table discussion a couple of weeks ago, to which you referred, that there is a difficulty in promoting one brand for Scotland and Scottish values through a strategy that adequately reflects the objectives and roles of all Scottish agencies operating at international level. Do you have a view on that situation? How do you intend to accommodate it in your work in North America?

Leslie Evans: The nation brand concept is an umbrella under which sectoral interests are represented. VisitScotland will develop—I know that it spoke about this at the committee meeting last week—its own brand interest for the tourism market. The sets of images and texts, and the kinds of promotions that they use will be honed and developed for the tourism market. Similarly, SDI draws on promotional material for work with the business community, as does the fresh talent initiative when it speaks to students overseas.

The nation brand is supposed to be about a set of values that represent Scotland's interests—it tells the story of Scotland. Our role and that of the Scottish Government is to put in place an umbrella of values and narrative under which the sectoral interests can operate and draw on images and resources that we have at our disposal for them, including the www.scotland.org website. It will be important to ensure that we keep closely aligned with them on that process, that there is no confusion and that people understand how the pieces fit together in the jigsaw. That will be particularly important for Robin Naysmith in

presenting a joined-up picture of Scotland in North America. That is one reason why his role and job have been described as they have.

The Convener: There are no further questions. That was a useful and informative session, and I thank you for coming along.

Meeting closed at 12:50.

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