

# **EUROPEAN AND EXTERNAL RELATIONS COMMITTEE**

Tuesday 13 January 2009

Session 3

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## EUROPEAN AND EXTERNAL RELATIONS COMMITTEE

### 1<sup>st</sup> Meeting 2009, Session 3

#### CONVENER

\*Irene Oldfather (Cunninghame South) (Lab)

#### DEPUTY CONVENER

\*Alex Neil (Central Scotland) (SNP)

#### COMMITTEE MEMBERS

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

\*Keith Brown (Ochil) (SNP)

\*Patricia Ferguson (Glasgow Maryhill) (Lab)

\*Charlie Gordon (Glasgow Cathcart) (Lab)

\*Jamie Hepburn (Central Scotland) (SNP)

\*Jim Hume (South of Scotland) (LD)

#### COMMITTEE SUBSTITUTES

Jackson Carlaw (West of Scotland) (Con)

Ken Macintosh (Eastwood) (Lab)

Gil Paterson (West of Scotland) (SNP)

Iain Smith (North East Fife) (LD)

\*attended

#### THE FOLLOWING GAVE EVIDENCE:

Linda Fabiani (Minister for Europe, External Affairs and Culture)

Fiona McLauchlan (Scottish Government Europe, External Affairs and Culture Directorate)

Deborah Smith (Scottish Government Europe, External Affairs and Culture Directorate)

#### CLERKS TO THE COMMITTEE

Lynn Tullis

Simon Watkins

#### ASSISTANT CLERKS

Lewis McNaughton

Lucy Scharbert

#### LOCATION

Committee Room 1



## Scottish Parliament

### European and External Relations Committee

*Tuesday 13 January 2009*

[THE CONVENER *opened the meeting at 10:31*]

### Decisions on Taking Business in Private

**The Convener (Irene Oldfather):** I welcome everyone to the European and External Relations Committee's first meeting in 2009. I wish everyone a happy new year.

Agenda item 1 is to agree to take item 7—on the key themes arising from our evidence on the China plan—in private. Is that agreed?

**Members indicated agreement.**

**The Convener:** Agenda item 2 is to agree to consider the committee's work programme in private at our next meeting. That will allow the clerks to plan a little bit ahead. Is that agreed, colleagues?

**Members indicated agreement.**

## Scottish Government's China Plan

10:31

**The Convener:** Agenda item 3 is evidence from the Minister for Europe, External Affairs and Culture on the Scottish Government's China plan. I am pleased to welcome the minister, who is accompanied by Deborah Smith, who is deputy director for the Scottish Government's international division, and Fiona McLauchlan, who is its China policy adviser. I believe that the minister will make a short opening statement.

**The Minister for Europe, External Affairs and Culture (Linda Fabiani):** I know that the committee has taken quite a bit of evidence from external stakeholders who are engaged in China-related activity. Having read through the *Official Report* of that evidence, I was pleased to see that people are generally positive about Scotland having a distinct China plan.

Scotland's China plan responds directly to the Scottish Government's economic strategy rather than the plans of the Chinese Government, but our priorities support some of the aspirations that are laid out in China's 11<sup>th</sup> five-year plan. For example, one focus of China's five-year plan is to give

"more strategic importance to developing education and fostering high-quality talented people".

That is consistent with our work in the higher education sector, such as the development of PhD research partnerships and scholarships. Another focus of China's five-year plan is natural resource conservation and environmental protection. The research partnerships that we want to develop in the clean and renewable energy sectors are consistent with that aim.

Our plan offers a unique opportunity for Scotland to focus on the areas that are relevant to China in which Scotland can offer excellence and have a truly competitive edge. However, as is accepted by all, the Scottish Government cannot do that in isolation. It is essential that we have a strong network of external stakeholders so that we can be ambitious and realistic in our engagement with China.

I am clear that, although the China plan outlines what Scotland aims to achieve, it does not preclude us from pursuing other opportunities as they arise that might offer maximum benefit for Scotland. That is why, to take forward the China plan's objectives, we have a number of groups comprising Scottish Government officials and external partners. Most of the external stakeholders who gave evidence during the

committee's two evidence-taking sessions are members of those groups.

We bring together partners for collaborative working when opportunities arise, such as the planned Scottish film festival that is being held in Beijing in March. For that project, the Scottish Government has worked with a range of partners, including the British Council, Scottish Screen and screen academy Scotland.

We are making the most of visits by Scottish Government ministers to China—and of Chinese Government ministers to Scotland—to develop relationships. For example, when the Cabinet Secretary for Education and Lifelong Learning was in China last year, she met the vice-minister for education, the vice-minister for science and technology and the governor of Shandong province. Ms Hyslop will visit China again this year and consolidate some of those relationships, as well as developing new ones. The First Minister will also visit China in 2009 and use the opportunity to develop new relationships with the Chinese Government.

That was a quick and broad scene setting. I am conscious that the plan is only six months old. However, I am happy to take questions on our priorities for engagement with China.

**The Convener:** Thanks very much, minister. Clearly, there is a great deal going on. As you say, our evidence-taking sessions so far have been generally positive. However, a number of themes have emerged. Among them are connectivity and stakeholder groups. Although witnesses could see how the good work that is going on assists their individual programmes and partnerships, they were interested in the plan for a stakeholder group, which you mentioned. Will you say something about how that group will come together and what the timescale for that is? Will you also comment on connectivity and ensuring that we all benefit and that everyone talks to everyone else?

**Linda Fabiani:** Yes, of course. I noticed that the evidence that was given to the committee included comment about a high-level stakeholder group. In our China plan, we talk about having twice-yearly meetings of such a group. I am keen to ensure that it is a very high-level stakeholder group, because our division's China plan spans the different aspects of Government. Education, which includes science, is a strong part of that, and then there is the business side. Those areas of Government have specific groups of their own with which they interact constantly—for example, the education stakeholder group is strong. Therefore, I am keen that the stakeholder group should be, and remain, high level and should not become a routine pulling together of people just for the sake of talking. For example, I want to pull together the

group prior to this year's visits by the First Minister and the Cabinet Secretary for Education and Lifelong Learning to discuss what value its members can offer and what suggestions they can make for the visits, so the group must be fairly strategic. I imagine that it would meet fairly soon and that all the existing groups for different elements of the Government's work would feed into it at a high level.

**The Convener:** We are discussing the refreshed China plan, but many of its objectives and targets are similar to those in the previous plan. What is the difference, and what process did you go through to arrive at the refreshed plan?

**Linda Fabiani:** I will give you a broad outline and then hand over to Fiona McLauchlan, who drove that work.

We did not want to throw out the baby with the bath water, but we wanted to refresh the plan. The effectiveness of policies should constantly be assessed, so it was a case of examining what was already in place, refreshing it—to use that word—and trying to use it to maximum advantage. Of course, it was extremely important to tie the plan in with the Government's economic strategy. The China plan that had already been put in place was a basis for moving forward, so there was a degree of assessment of it and refocus on it. That involved different stakeholder groups and the high-level type of group that we talked about.

**Fiona McLauchlan (Scottish Government Europe, External Affairs and Culture Directorate):** To refresh the China plan, we brought together Scottish Government policy officials and their external stakeholders. On tourism, for example, we ensured that the plan's tourism objective fitted in with VisitScotland strategic plans and told VisitScotland that that objective was its target and that it would work with policy officials to ensure that it achieved it.

**Ted Brocklebank (Mid Scotland and Fife (Con):** What improvements on the previous plan are to be found in the current plan? Did you consult the Chinese before coming up with mark 2?

**Linda Fabiani:** We are six months down the line. Obviously, evaluations will be done at the appropriate time. All that I can give the committee at present is my impression of the improvements. From my reading of the evidence that the committee has taken, it is clear that the stakeholders feel that there has been a refocus and that we are on the right way forward.

On engagement, we have an on-going relationship with the Chinese consul general, for example, and with the ambassador, who made a recent visit. The relationships that Ms Hyslop forged when she visited China last year have

brought on-going benefits. Fiona McLauchlan will give further detail.

**Fiona McLauchlan:** Education is a good example. Our first secretary for Scottish affairs is in regular contact with the Chinese and has regular meetings with the ministry of education in China. That is being done to ensure that what we are doing on the memorandum of understanding on education, which Fiona Hyslop signed last year, is consistent with what the Chinese want to do in that respect. We are working in collaboration with the Chinese Government to ensure that we are heading in the right direction together.

**Ted Brocklebank:** What was the thinking behind the Scottish Government not becoming involved in all five distinct regions of China but deciding to focus on one region—Shandong?

**Linda Fabiani:** We inherited the Shandong agreement, which is beneficial for Scotland. In the context of our wider international strategy, we are clear that we should not necessarily tie ourselves only to regional relationships. At the time, I think that the word we used was “opportunistic”. I am up front about that; we should always look for the best opportunities for Scotland. The work in Shandong is going well, but other opportunities will arise including those that are based on themes rather than on geographical regions and from which Scotland can get maximum advantage. We will always be open to such possibilities.

A country the size of Scotland cannot engage with each part of a country the size of China. That said, we should always be open to opportunities that would benefit specific sectors such as our business, engineering and higher education sectors. That is what motivated us in formulating our plan.

Of course, fantastic regional relationships can be forged, including the relationships between local authorities in Scotland and China. Charlie Gordon has spoken of the relationships that Glasgow City Council has forged. Angus Council, too, has made strong relationships with other regions. That is great. If, on the back of that, Scotland as a whole can benefit from such relationships, we should take advantage of that.

**Ted Brocklebank:** We heard evidence that the Chinese would prefer Scottish Government plans or strategies to come within the overall United Kingdom strategy—indeed, they drew comfort from that. Is that the way in which your thinking is going? Do you believe that our plan fits into the overall UK plan for China?

**Linda Fabiani:** I believe that there are specific and special things that Scotland is good at and for which we have a level of excellence. That is not to say that doing what the member suggests is not part of the settlement in which we are engaged. Of

course, we are always aware of the work of Government departments south of the border, such as UK Trade and Investment and the department that deals with education and families—I cannot recollect its name; it has changed name recently. It would be counter-productive if we were to do something that is in direct opposition to work that our UK partners are doing. The point is always taken on board.

**The Convener:** I have a list of questions, but I will bring in Alex Neil on that point.

10:45

**Alex Neil (Central Scotland) (SNP):** It is not often that I agree with Gordon Brown, but I agree with what he said yesterday: billions of pounds-worth of business is to be got in the months and years ahead from Asia, including, and particularly, from China. The big issue that all Scottish companies face is the impact of the downturn, including the increase in unemployment and the general prospect of getting business. To be fair, that question might be more for John Swinney than for the minister's portfolio. However, is there not a case for stepping up, as a matter of urgency, our trade missions and our contact with China, and indeed other Asian countries, to try to win some of the orders that are going?

The issue is not just China. The other day, I talked to someone from the embassy in Baghdad who said that there is \$60 billion-worth of business to be had from Iraq, given the underspend in the Iraqi budget. If ever there was a time to step up our trade promotion and export promotion effort in the far east and other places, including Iraq, that time is now. Does the Government plan to organise additional trade missions, to step up the effort and to take advantage of those billions of pounds-worth of business that are going a-begging?

**Linda Fabiani:** There is general recognition about that on our part—in a moment, I will pass over to Deborah Smith about some of the specifics of the work that Scottish Development International is doing. I very much hope that the First Minister's visit in April will focus on some of those issues.

I read some of the evidence from SDI and from Ove Arup, which has been working in China for decades, about the building up of relationships. There was agreement that companies in Scotland, particularly smaller ones, need to recognise that they will get further by working together. It is not a matter of going over to China and instantly getting work; relationships need to be built up. Government can help with that. It has come across strongly to us how much added value Government can give, not by doing things such as

leading delegations and trying to organise what everyone does but by giving comfort to the people who work in China that they have the support of their Governments in so doing. The governmental relationship is important in Chinese culture. We are aware of that, and we are looking to see what advantage Scotland can take.

If the committee requires further details, we will ensure that John Swinney follows up on matters that are raised during this meeting.

**Deborah Smith (Scottish Government Europe, External Affairs and Culture Directorate):** I confirm that the SDI management board, which is chaired by Andrew Goudie, director-general for economy, along with the chief executives of Scottish Enterprise and Highlands and Islands Enterprise, constantly keeps the situation under review, taking into account the current economic conditions and considering on an on-going basis where, geographically, it should focus its attention and resources and what further opportunities are offered by the weak pound, in particular. I can provide an assurance that the Government and SDI are working in collaboration in that regard. We will try to ensure that whatever we do with ministerial visits reinforces the same position and messages that are coming from SDI.

**Alex Neil:** I should explain why I got a call from Iraq. The people at the embassy in Baghdad, who had been in touch with Scottish Enterprise, said that they were utterly frustrated at its lack of interest. I hope that that is not the case generally, as we need to maximise trade and development opportunities this year wherever we can.

China is sitting on trillions of dollars-worth of surplus money that is looking for a home, or for somewhere to be invested. There are opportunities for inward investment, not necessarily by Chinese companies but funded through the Bank of China and so on. Can I ask what the Government is doing to attract a share of such inward investment?

**Linda Fabiani:** You can ask, but I do not know whether I can tell you the answer. If it is okay with the convener, I would be much more comfortable asking Mr Swinney to respond on that matter in more detail. Perhaps Deborah Smith wishes to say something.

**Deborah Smith:** That continues to be the responsibility of SDI, and we would expect any visit by the First Minister to reinforce that point. I cannot give any more detail on that at the moment either.

**Alex Neil:** My final question—

**The Convener:** There are always three.

**Alex Neil:** There are—luckily, my third question is not in two parts.

The indications are that China—particularly as Barack Obama is taking office next week—is becoming much more serious about climate change and the need to take action. At the same time, however, it is building a number of coal-fired power stations, so it is clear that carbon capture and storage technology will be very important for China once it is commercially viable.

The Scottish company Babcock is one of the world leaders in developing that technology, so the question might be better directed at Jim Mather or John Swinney. It seems that we have potential major trading and technology opportunities in China in developing carbon capture and sequestration technology, which will bring mutual benefit. Is that on the radar of Scottish Development International and other appropriate bodies?

**Linda Fabiani:** That is one of the specific fields of excellence in Scotland in which we feel that we can engage with China, and work on it is on-going. It is interesting in relation to research and technology of all types. Anne Glover, who I think is the chief scientist—

**Alex Neil:** The chief scientific adviser.

**Linda Fabiani:** That is her official title. She has had meetings on that matter.

The Government has introduced the saltire prize, and we are delighted that the president of the Chinese Academy of Sciences—I am looking for his name, but it is not in my papers—has agreed to be a member of the saltire prize committee. That is a very important step. Iain Smith has just told me that the president's name is Professor Liu—I am sure that I am not pronouncing it correctly.

We are pleased about that, because we feel that it is quite a strong presence in terms of engagement with China. With regard to Scotland's excellence in various types of work, the need for us to hold discussions with our Chinese counterparts and with companies from Scotland that have been operating in China for some time is constantly on our radar.

**Jim Hume (South of Scotland) (LD):** I am glad that the minister mentioned that we are trying to fit in with the Chinese plan, because there is no good in having our own ideas if we are not working with the Chinese. We need to have a three-plan fit involving the UK Government too, so that is a great benefit. Alex Neil mentioned the economic downturn, which could give us opportunities—we should always turn threats into opportunities.

At the previous committee meeting, the monetary swing was quoted as the pound being 30 per cent down against the Chinese currency. That offers opportunities for tourism, and I would



be interested to hear what the minister thinks about how we can raise awareness of opportunities for Chinese tourists in Scotland. In a previous evidence session, VisitScotland stated that awareness of Scotland in China is very low. How will the Government address that so that we can win a little bit from the economic downturn?

**Linda Fabiani:** There are a couple of issues around that. I noticed that there has been some discussion from those who have given evidence to the committee about how there is now—when I say “now”, I mean over the past decade, rather than over the past year and a half—much more of a focus on business in relationships with China. Previously, many of the relations were cultural, and some concern was expressed that that was not always hugely useful. If there is a focus on business and awareness, however, cultural activity can be used to increase that awareness as long as it is not all carried out in a vacuum.

One of the things that I am excited about, and which we are doing well on, is film. In my opening remarks, I mentioned the Beijing film festival in March. During the past couple of years, there has been an engagement with China on film work—for example, the cinema China festival of Chinese film that took place here last year was attended by around 20,000 members of the public. That led to extensive coverage on television in China and it is reckoned that about 200 million people there saw a series of documentaries that were shot in and around Edinburgh. That is hugely important.

Scottish Screen has also been doing some work in Shanghai and Beijing. The March Beijing film festival has a really good programme, and we are working with Tilda Swinton and Mark Cousins to present a version of their *Ballerina* ballroom festival at the Scottish film festival in Beijing in March. Such engagement is important for awareness raising, which then ties in with tourism.

Yesterday, we asked VisitScotland for an update on what it has been doing recently for tourism. In September 2008, it met 30 Chinese operators as part of the China sales mission. It has held homecoming dinners in Shanghai and Beijing. It is using the theme of great Scottish minds and innovation and linking it in with education. It is also working with Scottish universities to include details of the homecoming in what they send out to prospective students across Asia. There is also the partnering with the whisky live event in Shanghai in May; that will be the first time that that has happened and the event will focus on Scotland as the home of whisky. Finally, VisitScotland is working with the China-Britain Business Council to promote the home of golf and whisky themes for homecoming.

So, there is quite a lot going on. For me there are two strands to the work. There is the direct

work that VisitScotland and EventScotland should do for the homecoming and general tourism, and there is the wider awareness raising that we should do to say “This is Scotland and it is an extremely interesting and fascinating place—please come and visit us.”

Fiona McLauchlan has reminded me of the website—[www.scotland.cn](http://www.scotland.cn).

**Jim Hume:** Is that website also in Chinese?

**Fiona McLauchlan:** The site has been built specifically for Chinese users. It was built by Civic Computing in partnership with us, but when someone goes into it, they are a Chinese user because it is in Chinese. It will host homecoming and the VisitScotland websites, too. We use every opportunity to direct people to that site.

**Linda Fabiani:** Some of you might have picked up on concerns about the difficulties with getting visas that are being faced by potential visitors from China. That is a UK issue and work is being done to deal with it.

There is a bit of good news. In December, a service that issues visas and passports to people who want to travel to China was launched in Inverness. That would suggest that there has been an opening up or relaxing of some of the issues, which can only be good news.

**Jim Hume:** Are VisitScotland and tourism in Scotland in general aware of the opportunities that are presented by China?

**Linda Fabiani:** VisitScotland is heading that up. When we respond to the committee about various issues that are raised during this meeting, it might be useful if we ask VisitScotland to give the committee a direct update about how it raises awareness here, as well as in China.

**The Convener:** That would be quite helpful.

I notice that the plan mentions

“a clear brand plan tailored to China”.

Is that the website, or is there something over and above the comments that you have already made?

**Fiona McLauchlan:** The plan contains that. Some staff changes have been made in our international projects on Scotland’s international image, but we are now working with them to get a clear brand for China. We are thinking about our target audience—for example, is it made up of friends, the families of people who are studying here, or young people? During the next few months, we will develop a plan that is tailored for China on communications specifically.

**The Convener:** That is an on-going piece of work.

**Fiona McLauchlan:** Yes.

**Patricia Ferguson (Glasgow Maryhill) (Lab):** I was interested in the issue that Ted Brocklebank raised about the focus on Shandong. Could you elaborate on the extent to which the focus is on Shandong as opposed to the rest of the country? Is the focus very tightly on Shandong, or is there a broader interest in the rest of the country?

11:00

**Linda Fabiani:** Again, I will ask Fiona McLauchlan to speak about the details. We are continuing to engage with Shandong province, mainly in the education sector, but that should not preclude anything else. Fiona McLauchlan may have some thoughts on proportionality, from when Fiona Hyslop was in China on education business, for example.

**Fiona McLauchlan:** Fiona Hyslop travelled down to Shandong. It is safe to say that education is the strongest area that we have worked on with Shandong, although I will defer to Deborah Smith on that.

**Deborah Smith:** I agree with that.

**Fiona McLauchlan:** I will give an example. We made contact with the vice-mayor of Weifang, which is one of the big cities in Shandong, and recently brought over two teachers from that city, who delivered a kite festival for us here. Some 1,000 pupils in Scotland got the opportunity to build kites. We based that around the Confucius classrooms, which meant that even when the teachers had gone back to China, there was wider, on-going work for those classrooms to do on understanding the language and, in particular, on understanding Chinese culture.

**Patricia Ferguson:** If the focus in Shandong is mainly on education, what are the issues, criteria and areas of focus in the plan for the rest of the country? How much of your time or the effort that is going into the China plan is focused on Shandong and how much is focused on the rest of the country?

**Deborah Smith:** We cannot give an estimate of that, as different agencies are leading on each element of the plan. There will be X per cent on education and something different on tourism, for example.

**Patricia Ferguson:** From memory, I think that the tenure of the current first secretary for Scottish affairs at the British embassy in Beijing is probably reaching its conclusion. I am talking about the post rather than the individual. Has thought been given to continuing the post? Will there be any changes?

**Linda Fabiani:** I will let Deborah Smith speak about the details, but my understanding is that Lucy Watkins has been in that post for around three years. She is on secondment from the British

Council and, obviously, we are aware that the tenure will end at some point. We are carefully considering how we can continue such engagement with China. Deborah Smith may have an update on that.

**Deborah Smith:** I will speak about the post rather than the individual. Subject to the views of ministers, I manage the post in Beijing. It is clear to us from the feedback that we receive from stakeholders that its existence is invaluable. We will need to review it when the current post holder's tenure ends and ensure that it is at the right level and that we identify the exact skills that we need to ensure that it continues. Given our increasingly close relationship with Scottish Development International, we will need to think about how it will work in the future. From my perspective, it is clear that we need to have that presence in China, although the matter is subject to ministerial views.

**Linda Fabiani:** You may remember that we carried out a similar review of the North American post. We considered how it could be used to best advantage for our operations in North America. We will have a similar review of the China post.

**Patricia Ferguson:** My final question follows up on Jim Hume's theme of tourism. From memory, I think that the distinctive thing about the Chinese tourist was that they wanted to know the cost of a tour before they left China. They wanted to know exactly what would be included, right down to every last bottle, cup or glass of water that they might drink. Obviously, that is not necessarily how tourism services in Scotland have traditionally been delivered. How much progress has been made in encouraging the Scottish tourism industry to think along such lines and to make strategic partnerships across the sector in order to accommodate Chinese visitors when they begin to come?

**Linda Fabiani:** That is an interesting question. Specifics should be in the update that we will request from VisitScotland. The necessity of having Chinese language signage in high-profile places, for example, came across to me quite strongly in various meetings with Madam Tan Xiutian, and that matter is being looked at quite closely. One of the good-news stories is that we now have Mandarin-speaking Scottish tourist guides. I cannot remember off the top of my head how many there are, but I think that there are a dozen or so.

**Fiona McLauchlan:** There are four.

**Linda Fabiani:** Four guides have finished the course and more are going to do it. That is a huge benefit. The tourism industry is addressing some of the issues because it has taken on board the

potential for greater numbers of tourists coming from China.

Work has been done in schools, not only on Chinese language but on raising awareness of China in general. There are different aspects that should make it easier for Chinese tourists in future. However, we will ensure that the specific and interesting point that Patricia Ferguson raises is addressed.

**The Convener:** We have heard evidence from VisitScotland. Part of the issue is how the Government wants to promote the issue, so governmental or ministerial input to the feedback would be helpful.

**Linda Fabiani:** I ask Fiona McLauchlan to speak about that, as she has more information.

**Fiona McLauchlan:** The China plan has a tourism objective. We have set up a group that involves VisitScotland, the Scottish Tourism Forum and other organisations that are working in China. Dave Valentine from Angus Council is also a member. The group is considering how we can welcome Chinese visitors and whether we need specific measures that the Chinese visitor would expect. That comes down to matters such as providing a kettle in their room, because Chinese people like to make their own food. We are considering whether small to medium-sized businesses need to be geared up for Chinese visitors. For example, should people in those businesses be able to speak a few words of Mandarin? In the next few months, we will build a sort of Chinese toolkit with our partners and consider how that will be used by small and medium-sized businesses.

**Charlie Gordon (Glasgow Cathcart) (Lab):** At the risk of labouring the point, we have had specific evidence suggesting that an awareness-raising campaign in the Chinese market is needed, and that we should get beyond VisitScotland and assist individual proprietors and visitor attractions in the industry to develop material for speakers of Mandarin and Cantonese. Obviously, that will need Government support, so that people can convert leaflets or websites into those languages. I presume that that can be considered.

**Fiona McLauchlan:** We are leading the group that I mentioned, so the Government will support its work.

**Charlie Gordon:** I turn briefly to a related but discrete issue. The minister referred to the evidence that we have received about the value of local twinning links with parts of China. In the plan, it has been decided, correctly, that we should continue to encourage the development of local twinning arrangements. Do you have a view on the benefit of those arrangements? Does your

Government plan to assist local authorities in establishing new twinning arrangements?

**Linda Fabiani:** There is benefit in twinning—that came through clearly in some of the evidence that was given. Our strategy on international work and the China plan are clear that the team Scotland approach is important. Local authorities are part of team Scotland, so if we can assist in any way in formulating such partnerships, we will. The benefit that can be gained from them is not just for the specific local authority or town that twins but for Scotland as a whole. If, through our various stakeholder groups, we become aware of engagement with China anywhere in the country, other members of the stakeholder group, or the Government, may be able to add value. We should always be aware of that possible greater benefit.

**Deborah Smith:** I will add an example of the way in which Government can facilitate the process. Late last year, Dave Valentine from Angus Council and I jointly chaired a meeting of several local authorities—with representatives of the Convention of Scottish Local Authorities present—to discuss local authorities' relationships with China and how those can be spread out to involve other local authorities. Sometimes, local authorities have twinning approaches that they cannot pursue or which are not appropriate. We discussed how we can help them to share information and to pass on such approaches to other authorities. We also considered how we can help local authorities, if they are geographically close and have joint interests in particular themes, to make joint approaches to Chinese regions. Because of the size of our local authorities, it might be more effective if a few of them pooled their ideas.

We hope and expect that that group will meet again this year and will expand to include local authorities that have traditionally been less involved with China.

**Jamie Hepburn (Central Scotland) (SNP):** I would like to raise an issue that I have raised with other witnesses who have given evidence to the committee: human rights. I was pleased to see that paragraph 14 of the China plan says that ministers will raise concerns about human rights in China. How has the Scottish Government raised such issues? Can you outline some of the specific concerns that have been raised?

**Linda Fabiani:** It is quite clear to all ministers that such issues will be raised in any engagement that they have with China—whether in meetings that are held here with the consul general, the ambassador or visitors or in meetings that take place in China. The First Minister raises issues with the consul general.

I have always raised such issues. Without going into detail or breaking the rules of confidentiality, I can say that some of the main issues of concern that come up repeatedly are Tibet, Myanmar and Taiwan. Such issues are always raised; our view is that it is always better to be open and to be talking.

I have noticed that, in evidence to the committee, stakeholders have often mentioned the corporate social responsibility of companies working in China. I have been heartened to read that, and also to learn that officialdom in China is seemingly much more relaxed now about such issues being raised and discussed. That can only be good news.

I spoke earlier about film festivals. An issue of censorship has arisen that has affected people who have sent films to China. Our people have refused to compromise and have their films presented with big lumps taken out of them or with bits put across the screen. I am pleased that our folk have been firm about that. Mark Cousins in particular is more likely to say, "Well, you're not getting the film," than to say, "Okay, we'll allow you to chop bits out of it." That is hugely important. Film, literature and culture in general engage young people in China, who are starting to question the way things happen in other parts of the world.

I am quite positive about how we deal with Chinese authority and I am pleased that all those who are working in China seem to be of the same view.

**Jamie Hepburn:** I cannot remember who said it but, if I remember correctly, it was suggested that China preferred to deal with such issues discreetly, without anyone being too in your face. Is the Scottish Government happy with such mechanisms for raising these issues?

**Linda Fabiani:** It is right for someone who is in the privileged position of heading up, in some small way, some kind of international diplomacy to have regard for the differing culture of the people with whom they are dealing. It is also right to acknowledge that our opinion of the most effective way of doing things might not be the opinion of the opposing culture.

I hope that you will excuse my referring to the Dalai Lama. He has always said that the best way of dealing with the human rights issue in China is by engaging one to one with a Chinese person. That is perhaps a more subtle approach than some of the approaches that have been demonstrated in the west. I am more willing to take the Dalai Lama's word than anyone else's.

11:15

**Jamie Hepburn:** You mentioned our exchanges with business organisations at our previous meeting. When taking evidence not from them but from the group of educationists from whom we heard two weeks before that, I sensed that there was a degree of reluctance to engage with the human rights agenda—not because people do not regard it as important but because they appreciate and understand the difficulties that are involved in doing so. Nonetheless, your plan states that the Government will encourage organisations to engage with the issue of human rights in China. How will the Government facilitate such engagement?

**Linda Fabiani:** We will do so where that is appropriate. We are not in a position to issue instructions to anyone who happens to work in China. However, if Mr Mather went out to China with a business delegation, through SDI, he would raise the issue of human rights, as Fiona Hyslop did when she was in China last year. We will always encourage organisations to engage with the issue; the Parliament openly encourages such engagement anywhere in the world. It is generally known that Scotland believes in human rights and will raise the issue. We will encourage organisations to do that, where appropriate and where we are involved.

**Jamie Hepburn:** It is useful to get that on the record.

**Linda Fabiani:** Deborah Smith is anxious to add to what has been said.

**Deborah Smith:** I can provide a practical example of how we can encourage engagement with human rights issues. When most of our public bodies visit China, especially when they have meetings with the Government, Lucy Watkins, our first secretary in Beijing, is involved. She has long experience of working in China and knows what is culturally appropriate. She is in a position to advise organisations on how best to raise human rights issues in the context of meetings with the Chinese Government.

**Keith Brown (Ochil) (SNP):** The trouble with being the last person to ask questions is that most questions have been asked already. You answered Charlie Gordon's question about twinning, which was the main issue that interested me. I will make a couple of brief comments and one request for information. Notwithstanding the issues that have been raised today, we have received a positive response to the Government's China plan from stakeholders. However, when we asked how small and medium-sized businesses can become aware of business opportunities in China, we were told that that is easy for large companies such as Arup Scotland, which has a

long tradition in China, and for companies that have Scottish Enterprise accounts or are known to the Government and its agencies, which are more aware of such opportunities. How can awareness be passed on to small and medium-sized businesses? The question was not sufficiently well answered when we first asked it; can it be addressed in the response that you will obtain from John Swinney and Jim Mather?

**Linda Fabiani:** The China-Britain Business Council and the Scottish Council for Development and Industry are charged with dealing with that end of the market. We will look at what they are doing, with SDI, and include that information in our response. The issue that Keith Brown raises ties in with some of Alex Neil's questions.

**The Convener:** A mentoring scheme was proposed. David Valentine from Angus Council suggested that large companies could mentor SMEs. We would welcome feedback on that point, which is still outstanding.

**Linda Fabiani:** The suggestion is interesting, as many big companies that have operated in China for some time use smaller companies as subcontractors and suppliers. We can ask whether the SCDI or the CBBC has mentoring schemes in place or plans to formulate them.

**The Convener:** Another issue that we have not covered this morning was raised in evidence by Scottish Colleges International. SCI advised us that Scottish colleges are not recognised by the Chinese Government, which makes it difficult for them to get a foothold in China. The colleges believe that they could be assisted by Government support and intervention. I know that the issue does not fall within your portfolio, but are there ways in which the Scottish colleges could be assisted?

**Linda Fabiani:** Fiona Hyslop's people very much picked up on that from the evidence. I will ask Fiona McLauchlan to say a few words on the issue because she co-ordinates the different portfolios that are involved. However, perhaps a fuller response from the education portfolio would be useful.

**Fiona McLauchlan:** Education is not my specialist area, but I will pick up on the convener's point. I sat through the evidence session in which SCI stated that the colleges were not on the bona fide lists. Higher education policy colleagues have that matter firmly on their radar and are doing everything that they can to assist colleges to get on the lists. In addressing the issue, they are considering providing a letter of confirmation to the Chinese Government.

**Ted Brocklebank:** I have a small question on education. Obviously, one of your key objectives is to get more and more young Scots to learn

Chinese and become aware of Chinese customs and so on. Annex 1 to the refreshed China plan, which sets out the objectives and targets, shows that no pupils in Scotland studied Chinese in the baseline year of 2006 but eight pupils did so in 2007. On the face of it, that does not seem to be a huge number. Are there better figures for 2008?

**Linda Fabiani:** We will review the situation annually. We must ensure that targets are realistic. The Confucius institute opened only at the end of 2007, so we must be realistic about how the work moves forward. I will ask Fiona McLauchlan to tell you about the numbers of schools involved—there are quite a few in different local authority areas. In addition, various local authorities have taken advantage of the British Council scheme to bring over teachers of foreign languages.

As I said, we will continue to review targets, and I very much hope that it will not be too long before we are at the stage of setting the target higher all the time. Some of the work that has been done so far, particularly through the Confucius institute, suggests that that might be happening.

**Fiona McLauchlan:** We have just had four teachers qualify in Mandarin, so we are starting from a low base, but we hope to increase the numbers. We already have language assistants for Chinese in schools and, with the establishment of the Confucius classrooms—there will be eight hubs around Scotland—we will look to have more qualified teachers. Our Scottish Qualifications Authority Mandarin qualification was introduced only this year, so we expect the number of pupils taking it to increase. We are looking to have a higher in Mandarin in place by August. There will therefore be a bigger take-up, which will require an increase in the number of qualified teachers.

**Ted Brocklebank:** Annex 1 does not have a figure for pupils studying Chinese in 2008. It states that there were eight such pupils in 2007. Do we have a figure for last year?

**Fiona McLauchlan:** Not yet. We did not have our qualification in place at that time. The language teaching was probably done in an informal way through language assistants.

**Ted Brocklebank:** That is interesting.

We seem to have had conflicting evidence about the number of Chinese students in Scottish universities. Some evidence appears to indicate that there is not a huge number of them, but other evidence indicates that there are about 5,000, making them the biggest group of foreign students at Scottish universities. That sounds encouraging—it contrasts with the interest that we seem to be showing in studying their language.

**Linda Fabiani:** Fiona McLauchlan advises me that that is the most recent figure available, but we will confirm it for you straight from the education portfolio.

**The Convener:** Thank you for coming this morning. You will be aware that you are the last witness on our list before we conclude our inquiry and produce our report on the China plan. I mention that because it would be helpful for us to have speedy responses on the outstanding issues from the other departments involved, so that we can include them in our report. Perhaps you could impress that on those departments.

**Linda Fabiani:** Deborah Smith will ensure that that happens. We look forward to reading the committee's report. I hope that it can inform our thinking about how we move forward with the China plan.

## Lisbon Treaty Inquiry

11:24

**The Convener:** The next item is our Lisbon treaty inquiry. Members have a paper that recommends reviewing the position on the Lisbon treaty inquiry in October, after the Irish referendum. Are members content with that?

**Members indicated agreement.**

**Jamie Hepburn:** I am content with that, but do we know when Ireland is likely to hold its second referendum?

**The Convener:** We are talking about the referendum being held in October, but until we are clearer about that and about the outcome, it seems a bit silly to take evidence. We can certainly ask the clerks to keep a watching brief on the date of the referendum and to keep us up to date.

**Jamie Hepburn:** I have another issue to raise—I will be brief. Under what I think is called the Irish protocol, the number of members of the European Parliament will increase, which should give the UK an extra MEP—we discussed that at our previous meeting. As Scotland is to lose an MEP, perhaps the committee should consider working with Scotland's MEPs to make the case for Scotland to have the extra member.

**The Convener:** The case has been made vociferously in the past year. The committee has written to the UK Government, spoken to MEPs and made wide-scale representations. The deal for the UK is done and dusted, but we can double-check that with our Brussels officer.

**Keith Brown:** The situation was news to me when I read about it. I spoke recently to one of Scotland's MEPs, who was convinced that, because of the Irish protocol, Scotland would have seven MEPs at the coming elections, but it will not. However, our paper says that the UK Government has still to decide where the extra MEP would go if the Treaty of Lisbon were ratified. I do not know whether that fight is different from the one that we just failed to win. If it is—that may be what Jamie Hepburn is hinting—we should try to make strong representations, even if we have to initiate them. The previous time, we all signed up to what individual MEPs did. It is worth making a concerted effort to grab the extra place.

**The Convener:** If the possibility exists, I am sure that the committee will be willing to progress it. At recent discussions, including those at the European elected members information liaison and exchange network meeting, Scottish MEPs never raised the issue, which is why I thought that the deal was done and dusted. However, if the

position is still up for grabs, I have no problem with making representations. Does Patricia Ferguson want to speak?

**Patricia Ferguson:** I think so, but I am talking slightly off the top of my head. Two issues are involved. If the Irish protocol is adopted, a further increase will take place. I have always understood that the UK Government makes the final decision on advice from the Electoral Commission, so the earlier step for us is to try to influence the commission and gain its backing in the argument.

**The Convener:** We have taken evidence from the Electoral Commission. A complicated formula is involved that can in no way be broken in any practical circumstances, although the committee has tried to do that several times to hold on to Scotland's representatives. We will examine the situation and the clerks will report to us on the position in the UK.

## “Brussels Bulletin”

11:28

**The Convener:** Item 5 is the “Brussels Bulletin”. Do members want to raise or note any issues in the document?

**Jamie Hepburn:** We talked about writing to the Health and Sport Committee about the cross-border health directive. Did we do that? If so, what was the committee's response?

**The Convener:** We wrote to Health and Sport Committee and the directive was discussed at the EMILE meeting. The Health and Sport Committee is extremely busy and I understand that it will keep a watching brief on the directive. We have passed on all the information to that committee, but I understand that it is busy and that it has no time for an inquiry.

Do members want to raise other issues?

**Jim Hume:** On bank support, a proposal has been made

“to increase bank deposit guarantees from €20,000 to €100,000”,

which probably equates to an increase from £20,000 to £100,000 now. That proposal will be important.

**The Convener:** That reference is on page 5 of the bulletin.

**Jim Hume:** Yes. The same page mentions pesticides—Alex Neil will be fascinated—and says that the pesticides package will receive its second reading today. That is important for rural people, because some of the original proposals would have had an adverse effect on the Scottish rural scene. I am just noting that.

**The Convener:** We will ensure that Ian Duncan keeps us up to date with that. I notice on page 5 that

“Montenegro has filed a formal application for EU membership”.

That is interesting. As members have no more comments, we will note the “Brussels Bulletin”.

We agreed at our previous meeting to take the next item in private, so I close the public part of the meeting and thank members of the public for their attendance.

We will take a short break to set up the videoconferencing equipment.

11:30

*Meeting continued in private until 12:16.*





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