

# **EUROPEAN AND EXTERNAL RELATIONS COMMITTEE**

Tuesday 19 May 2009

Session 3

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# CONTENTS

Tuesday 19 May 2009

Col.

DECISION ON TAKING BUSINESS IN PRIVATE.....	1153
CHINA PLAN INQUIRY .....	1154
“BRUSSELS BULLETIN” .....	1175

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## EUROPEAN AND EXTERNAL RELATIONS COMMITTEE

8<sup>th</sup> Meeting 2009, Session 3

### CONVENER

\*Irene Oldfather (Cunninghame South) (Lab)

### DEPUTY CONVENER

\*Michael Matheson (Falkirk West) (SNP)

### COMMITTEE MEMBERS

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

Patricia Ferguson (Glasgow Maryhill) (Lab)

\*Charlie Gordon (Glasgow Cathcart) (Lab)

\*Jamie Hepburn (Central Scotland) (SNP)

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

\*Sandra White (Glasgow) (SNP)

### 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:

Fiona Hyslop (Cabinet Secretary for Education and Lifelong Learning)

Stephen Kerr (Scottish Government Lifelong Learning Directorate)

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

### CLERKS TO THE COMMITTEE

Lynn Tullis

Simon Watkins

### ASSISTANT CLERK

Lucy Scharbert

### LOCATION

Committee Room 6



## Scottish Parliament

### European and External Relations Committee

*Tuesday 19 May 2009*

[THE CONVENER *opened the meeting at 10:29*]

### Decision on Taking Business in Private

**The Convener (Irene Oldfather):** Good morning and welcome to the eighth meeting in 2009 of the European and External Relations Committee. I have received apologies from Patricia Ferguson.

The first item on the agenda is to decide whether to take in private item 5, which is consideration of the key points arising from this morning's oral evidence session. Are members agreed?

**Members** *indicated agreement.*

## China Plan Inquiry

10:30

**The Convener:** Item 2 is the continuation of our China plan inquiry, with evidence from the Cabinet Secretary for Education and Lifelong Learning, Fiona Hyslop, on the Scottish Government's recent visit to China. The cabinet secretary is accompanied by Deborah Smith and Stephen Kerr.

I understand that you wish to make a short opening statement.

**The Cabinet Secretary for Education and Lifelong Learning (Fiona Hyslop):** I am pleased to be able to tell the committee about the recent ministerial visit to China, which was a great success and provided the First Minister and me with an opportunity to promote Scotland. There are enormous opportunities for Scotland in China, and our visit was a vital part of realising the potential for jobs and businesses in our country to be supported. It also enabled me to build on my previous visit in April 2008.

While in China, the First Minister and I undertook a number of engagements that focused on the seven key sectors in our economic strategy—I intend to run through a summary of them. First, however, I will point out that during the visit the First Minister continued, in meetings with the appropriate Chinese authorities, to stress human rights concerns. I am sure that members will agree that it is important to keep the channels of communication open and to use any opportunity that arises to impress upon the Chinese Government the need to give greater respect to human rights. Only through sustained engagement with China on a number of initiatives of mutual benefit will we be able to continue to exert any influence over such issues.

On energy, the First Minister opened SgurrEnergy's new Beijing office and helped with the official launch into the Chinese market of its groundbreaking wind-measurement device. He also gave the keynote address to a major renewable energy conference in Beijing that included leading Chinese renewable energy companies and Scottish firms that are active in the Asia-Pacific region.

The First Minister met the president of the Chinese Academy of Sciences, who is also one of the 11 esteemed saltire prize challenge committee members. In Hong Kong, he met representatives of Hongkong Electric International, which is the investment arm of Hongkong Electric Holdings Limited, and opened a seminar on the renewable energy industry that was co-organised by Scottish

Development International and Hong Kong's Business Environment Council.

On the creative industries, I attended the signing of a memorandum of understanding between University of Abertay Dundee and Shanghai University's college of digital arts, and I witnessed Peking University's school of software and microelectronic engineering become an international partner of the centre of excellence at Abertay.

On financial services, the First Minister met Shanghai's vice-mayor and the Shanghai Municipal Government's financial services director general to discuss potential co-operation in the financial services sector. The First Minister also spoke at the Sino-Scotland asset management forum, which was hosted by SDI and financial services office of the Shanghai Municipal Government, and attended a Standard Life board meeting in Beijing.

On the food and drink sector, the First Minister officially launched the scotch whisky element of the whisky live festival and met the Scotch Whisky Association, Scottish Enterprise and the United Kingdom ambassador. He also met Wang Yong, the Chinese Minister for the General Administration of Quality Supervision, Inspection and Quarantine, to discuss a number of trade issues.

On life sciences, I announced in Beijing details of a new modern apprenticeship framework for life sciences and helped to launch the world's first commercially available multi-articulating bionic hand, which has been produced in China by a Scottish bionics company, Touch Bionics. The First Minister attended the signing of a memorandum of understanding on stem-cell research collaboration between the University of Edinburgh's centre for regenerative medicine and China's international stem-cell research centre, which is based at Peking University.

I launched a pioneering new partnership involving NHS Scotland, the University of Edinburgh, China's Ministry of Health and the Shandong-based pharmaceutical giant, AsiaPharm, which builds on a major pharmaceutical research deal that was sealed between AsiaPharm and GlycoMar, an Oban-based marine biotechnology company, during my previous visit.

On tourism, the First Minister announced in Beijing details of the Scottish prestige golf club, which offers China's 1 million golfers membership in a new scheme that encourages them to visit Scotland—the home of golf—and to play golf at some of the country's leading courses. The year of homecoming was obviously a main theme of the

receptions that took place in Hong Kong, Shanghai and Beijing.

On universities, over and above the contributions that I have already outlined, I progressed a number of partnerships between institutions in Scotland and China, including the partnership between Edinburgh Napier University's Edinburgh institute and the University of Hong Kong, which are working to help Scottish businesses to develop overseas and to make the most of available markets. While I was in Beijing, I visited the Central Academy of Fine Arts, which has a successful partnership with Glasgow School of Art.

I launched a jointly funded programme of research partnerships, which will begin in the next academic year and will focus on areas including renewable energy, life sciences, public health, financial services and engineering. I also launched the Scotland's saltire scholarships scheme, which will provide one-off funding of £2,000 for 50 scholars from China who wish to come to Scotland to study later this year.

On Government contact, the First Minister and I met with Mr Tsang, the Chief Executive of Hong Kong, who gave us a useful briefing on the economic and political context of Hong Kong. We also had a useful meeting with the Vice-Minister of Foreign Affairs and agreed that there were a number of areas in which Scotland and China could work together. In particular, we agreed that there should be further co-operation and exchange in education. I was the first representative of an overseas delegation to meet the new vice-minister at the Ministry of Education, Mr Hao Ping.

The First Minister and I progressed a number of the business and research objectives in our China plan, and placed the relationship with China on a much wider footing and in a more strategic context. The visit helped to bring to conclusion many of the education objectives in the China plan and identify opportunities for future collaboration.

It is important that we maintain the momentum, and future visits to China should be planned with that objective firmly in mind. I am happy to take questions from the committee.

**The Convener:** Thank you for that comprehensive report—you clearly had a busy time and you have possibly already answered some of our questions.

By way of setting the scene, we have taken a lot of evidence on the China plan, and it is fair to say that people across a range of sectors are generally supportive of what the Government is doing. One criticism, however, is that we need a bit more clarity around the targets and on how we analyse whether they are being achieved. Parliamentary questions have been lodged about

the recent visit to China, and there were visits during 2008. How have those visits contributed to the targets? Will there be a way of measuring progress towards the targets that the committee could look at in the future?

**Fiona Hyslop:** That is important—there is general agreement that we want to focus on momentum and progress. A strategic focus on some of the key sectors in the Government's economic strategy will allow us to identify the way forward, play to our strengths and work strategically.

Implementation of the China plan is vital to ensuring that we identify progress, certainly as far as education—for which I have a clear responsibility—is concerned. We have made significant progress on a number of the objectives, so we are achieving what we have set out to do. There is an issue around how we update the committee more regularly as we go forward: perhaps Deborah Smith can say how we as a Government intend, across the China plan, to respond and keep progress in play for the committee.

**Deborah Smith (Scottish Government Culture, External Affairs and Tourism Directorate):** Our intention, as we set out in the China plan, is to meet during the summer with the key stakeholders who were involved in development of the plan. We will take stock on progress on each objective in order to identify where more work needs to be done, and to identify the Government's role in moving things forward where things are not going as planned, if there are such areas.

We will first discuss measurement of the targets with our analytical colleagues. That reflects our general position. A number of ministerial visits have—as the convener mentioned—taken place during the past year. Our intention is not to evaluate their success in isolation but to evaluate the success of the China plan as a whole. There should be more on that during the summer.

**The Convener:** I will ask one more question before I open up to questions from colleagues. I am interested in the memorandum of understanding that was signed. Could you tell us more about how that is being developed and progressed in terms of your remit?

**Fiona Hyslop:** One thing that particularly struck me was the importance of building relationships. On what was my second visit to China, although I met a brand new education minister, there had evidently been extensive progress in understanding of the operation of the Scottish education system, following our memorandum of understanding. That perhaps shows how things

can be taken forward once relationships have been built.

Under the memorandum of understanding, a key aspect relates to the PhD relationship, which I think is particularly important. The aim is not necessarily to attract massive numbers of Chinese students to the Scottish market, but to focus on key economic areas—renewable energy and life sciences are the most obvious, but there are others—and to get the top academic students in those fields to come and work with us. The idea is not only to involve them in exchanges and projects in Scotland, but to build relationships between our respective institutions for joint provision of PhDs. That is a unique and innovative model that the Chinese Government is interested in because, if the model works, it might be good for taking forward.

Stephen Kerr will say a wee bit more about that.

**Stephen Kerr (Scottish Government Lifelong Learning Directorate):** The PhD programme involves quite a different relationship, in that it focuses not just on the numbers of students going to and coming from China but on key areas—as the cabinet secretary mentioned—in which we can learn from each other. For example, how PhD programmes are developed and different areas of research might be considered. The programme might be supplemented by research activity and by mobility grants to enable academics to come together to share their interests in different areas.

In response to the convener's original question on the memorandum of understanding, I certainly took away from our visit last year that the Chinese Ministry of Education is keen not just to put in place a memorandum of understanding but to ensure that it is implemented. Underpinning the memorandum is an implementation plan that we monitor throughout the year—we are about one year into three years of activity. Much of what we set out to do in the China plan has already been delivered. If it will be helpful, we can provide committee members with a copy of the implementation plan so that they can see how we are doing against the targets that we have set.

**The Convener:** Have the memorandum of understanding and the implementation plan been lodged in the Scottish Parliament information centre? Can we get copies?

**Fiona Hyslop:** We certainly shared the memorandum of understanding with the Education, Lifelong Learning and Culture Committee and the Economy, Energy and Tourism Committee when I returned from my visit last year, so we are more than happy to provide that. Bearing in mind that the overall report will follow the discussions with stakeholders over the summer, which Deborah Smith mentioned, that

should also be the general way in which the report on the China plan comes to the committee. However, given the specific progress on education that has been made under the memorandum of understanding, I am happy to send the committee a note in advance of that. For example, we have established Confucius classrooms and a higher Mandarin qualification. We are also identifying and supporting students who want to travel between Scotland and China so that we have two-way traffic. We have announced sponsorship support for 50 school pupils drawn from the Confucius classroom hubs who will visit China this summer. However, rather than detail all that, we can provide follow-up information.

An interesting point that emerged in our discussions last year with a number of education representatives—including the Vice-Minister for Education who signed the memorandum of understanding and, I think, the Shanghai municipal government's education department—is that our world-leading approach to vocational and academic qualifications is very important. The Scottish credit and qualifications framework is world-leading. The SCQF is one of the few such frameworks to include both vocational and academic aspects. Although people were quite interested in our proposal last year, they have been much more interested this year not least because, given the need for economic recovery, they want to identify how they can progress both vocational and academic support.

During our visit, major health care reforms were also announced. That is why the strategic relationship involving NHS Scotland, the University of Edinburgh, the Chinese Ministry of Health and Asiaparm is important. If major developments take place in the training of hospital managers and pharmacists in China, that will present very good opportunities for Scottish universities and colleges. Interestingly, although no minister was available at that time, the officials from the Ministry of Human Resources and Social Security—the department that is responsible for vocational training—asked to meet us because they saw that they can gain from the SCQF. Indeed, bearing in mind that the European qualifications framework was based to a great extent on the SCQF, we have a comparative and competitive advantage in education and training that should stand us in good stead. That is an area in which we have seen progress between our first and second visits.

10:45

**The Convener:** The Scottish colleges have raised with the committee the question how you could assist them to raise their profile. They feel that the university sector has a lot of credibility but

that it is difficult for the colleges to get noticed. Could you say something about that?

**Fiona Hyslop:** Before I do, I should quickly mention that we attended a graduation ceremony for Elmwood College, which is providing many green-keepers to China's growing golf industry.

The question of how we can work with Scottish colleges to help them internationally is important. The progress that we made with the Chinese Ministry of Human Resources and Social Security—with regard to vocational training in particular—opened up good opportunities, but we will need to work strategically across Scotland as some institutions will be better placed than others to take advantage of those opportunities. Our responsibility is to ensure that the college sector as a whole benefits. The opportunities are tremendous, and we made significant progress in that area during the visit. During discussions, I was supported by officials including Janet Brown, who is the chief executive of the Scottish Qualifications Authority, and we have indicated that the SCQF will do follow-up work. We want to ensure that there is better contact in the future.

As you know, ministerial visits can open doors that cannot otherwise be opened, and we were able to put the Scottish college sector and the SCQF on the map. That is important with regard to the need that all countries will have for more vocational support as they enter the period of economic recovery, and we are well placed in that regard. For example, although we will have to have discussions on this matter with the colleges and universities, I think that the Chinese health care reform agenda provides us with win-win opportunities for the Chinese and the Scottish sectors.

**Jamie Hepburn (Central Scotland) (SNP):** I was glad to hear you say that the issue of human rights had been front and centre during your visit, because it is of the utmost importance. I was pleased to note that, in a written answer, Mike Russell told Gil Paterson that the Government met Amnesty International and the Scottish Human Rights Commission before the trip to China, I presume to discuss those bodies' concerns about human rights in China.

Various people have told us about the reticence of the Chinese authorities to engage with the human rights agenda. I appreciate that, due to the sensitive nature of the discussions, you might not be able to tell us too much about them, but I would like to know whether you noticed such reticence during your visit and how you think the Chinese authorities reacted to the matter being raised with them.

**Fiona Hyslop:** I reiterate the First Minister's continued reference to human rights, particularly



with regard to justice issues. We took the advice of Amnesty International and the Scottish Human Rights Commission about how best to promote human rights. We argue that you cannot open up a market without having justice within that market in a variety of ways.

I am not sure that I picked up on reticence such as Jamie Hepburn mentioned. Obviously I cannot disclose the details of the discussions, but the issue was proactively addressed by the Chinese Government during those discussions. That is probably as much as I can say. It is important to state that the officials recognised our concerns in advance of our visit and during our visit.

**Jamie Hepburn:** I note that, when you were in China, you launched a programme for masters scholars from China to study in Scotland, funded jointly by the Government and Scottish universities. In the China plan, there is a commitment to engage in reciprocal arrangements whereby our students are able to study in China.

What opportunities will there be for our students to go to China?

**Fiona Hyslop:** There are existing programmes: indeed, the United Kingdom programme is oversubscribed by Scottish students who want to go to China. The quality of the Scottish students who want to study there is particularly impressive.

It has been proposed that there should be two-way initiatives and not just one-way initiatives, so that Scottish students will study in China, but the programmes that they can work on must be identified. I visited Shanghai University, which I think has been given special dispensation to develop its digital arm—indeed, the first digital arts faculty in China was established in Shanghai. The work that the University of Abertay and Shanghai University have done means that those two institutions can work jointly. Institution-to-institution links are important, because they provide opportunities and bridges for Scottish students, particularly PhD students, to travel overseas, particularly to China.

**Stephen Kerr:** Through Chinese eyes, the student exchange relationship is based more on the PhD programme. The masters element represents our opportunity to expand visibly the number of Chinese students who come to Scotland. It should also be remembered that the programme runs in India and North America. I see the PhD programme as being probably the main vehicle for Scottish students moving overseas.

There are also summer schools, as the cabinet secretary said. Students at Scottish universities have opportunities to spend time at a number of Chinese universities that are based in Shanghai and Beijing. Links will develop through those opportunities, and it will be easier for

undergraduate students—as well as postgraduate students—to spend more time studying in China.

**Fiona Hyslop:** The development of the Confucius classroom hubs should not be underestimated. There will, over time, be increasing demand from Scottish students who have Mandarin and other language skills for support for travelling. Hanban, which is responsible for Confucius classroom hubs throughout the world, recently carried out an inspection process—I did not realise that it did that, but obviously it is investing money and wants to see how things are being supported. It thinks that Scotland's approach is world-leading. The Confucius institute for Scotland at the University of Edinburgh is also very well regarded. I think that there will be increasing demand for support. Summer schools certainly help undergraduates, but we are focused on postgraduate exchanges, which are probably better for two-way exchanges.

**Jamie Hepburn:** You mention the Confucius classrooms. I want to return to human rights. Will Confucius classrooms be—for want of a better expression—a warts and all experience for Scottish students? Will they learn about human rights issues in China? That reminds me: I should have declared my membership of Amnesty International.

**Fiona Hyslop:** One thing is striking about the Scottish approach to Confucius classrooms compared with that of other countries, particularly England. There, work tends to be more concentrated in individual schools. We are trying to use our internet facilities—particularly glow and other ideas on which have led—to ensure that we use technology to expand our reach. Our classrooms are hubs for wider communities and they are almost like regional hubs. They have been open only for the past few months, but it has been striking that Chinese culture has been celebrated and understood, and not only through learning Mandarin in classrooms. The aim is to understand China's music, culture, dance and geography.

I have been to Our Lady's high school in North Lanarkshire, where Chinese geography, for example, is studied. The recent earthquake in China was being examined and the experience was used so that people could learn about different subjects. The school's physical education department is doing fantastic dance. Our schools are therefore taking opportunities to learn all about China. There is not a prescribed view on narrow aspects, such as language.

In that context, it is perfectly possible for schools to have a wider grounding and understanding of the current situation in China—indeed, I would expect them to have that and there is no reason why they should not. I am sure that

organisations—I think that Amnesty International will be one—will supply information that is relevant to the subject that is being taught, whether it is modern studies or another subject, and which can be used responsibly so that people can understand the current political context in China as well as its wider culture, cultural history and heritage. Our approach to the Confucius classrooms is inclusive of all aspects of understanding of China—not just language tuition.

**Sandra White (Glasgow) (SNP):** Good morning, cabinet secretary. You had a busy time in China and the response was excellent, as was your presentation. I reiterate Jamie Hepburn's point about human rights. If we are to have trade and education links with China, it is important that human rights are kept at the top of the agenda.

I have a question about the collaboration with stakeholders. Deborah Smith mentioned establishing a body or forum. Cabinet secretary, will you clarify exactly who will participate in it? Will it simply involve the groups that you met before going to China or will it extend to groups that are working on the ground? I will give a couple of examples of such groups. The Wing Hong Chinese Elderly Centre in Glasgow has excellent links and there are various Chinese healthy living centres throughout Scotland. You mentioned a link with the Glasgow School of Art and the Confucius classrooms, one of which is in Hillhead high school in Glasgow. What shape will the forum take? Will it involve groups on the ground that have connections with groups in China, or will it be the stakeholders and academics whom you mentioned? Will it have parliamentary involvement, perhaps involving members of the committee or ministers?

**Fiona Hyslop:** I will say something and then ask Deborah Smith to talk about the general approach on the China plan. Before my most recent visit to China and my previous visit, we had contact with all the key stakeholders in the education sector, such as colleges and universities, and asked them what issues we could pursue to help their agenda and support them. China is a vast country, so we have to be strategic and we need to work together better.

I was struck by the need for Scotland to ensure that we cross-sell, so that our universities support our colleges and vice versa. However, they can do that only if they know who else is doing what and where. The SQA is well established—I did not mention that I attended graduation ceremonies at which people received SQA qualifications. We have established a forum through which we can share information about who is doing what, so that anybody who goes to Shandong has that information. We contacted stakeholders before the

recent visit and provided feedback on the visit. It is important to recognise that we can all contribute.

One interesting thing about the Confucius classroom in North Lanarkshire is that it is providing Mandarin classes for a local engineering company, which will take students to China as part of their work experience. The partnership can be at many levels. We are becoming more focused and organised in our thinking at an official level. We are thinking strategically from the point of view of universities and colleges and the rest of the education sector.

So far, we have not really mentioned wider cultural connections. Deborah Smith might reflect on the fact that our engagement is not just through officialdom; we recognise that there are many players and interests in the country and we ensure that they are supported and engaged. I ask Deborah Smith to give feedback on that wider issue.

**Deborah Smith:** If we hold a stakeholder group in the summer, we intend that it will more or less reflect the stakeholders who were involved in formulating the China plan. To give the forum strategic focus, it will involve central representative groups or groups with a major strategic interest in collaboration with China. However, that does not mean that smaller groups, whether they are voluntary sector groups, businesses or cultural organisations, or individuals should not have a way into the discussion. That can happen partly through their respective sectoral organisations. For example, my team and I have recently started to talk more to the Scottish Council for Voluntary Organisations about how we can reflect the interests of voluntary sector and community organisations in our international work more generally and how we can ensure that the SCVO is invited to relevant sectoral groups.

We do not necessarily expect all the organisations working on the ground to come along to our wider stakeholder group, but there are other ways for them to engage, either through their sectoral groups or directly through my team, which is always open to having meetings. For example, before Ms Hyslop and the First Minister visited China, I met representatives of companies that were working with the Dundee and Angus Chamber of Commerce and were interested in talking about what was happening with the visit.

There are a number of channels, and our forum is for the strategic stakeholders, although that does not mean that we are not open to wider communication.

11:00

**Fiona Hyslop:** I met Tom McCabe, the chair of the cross-party group on China, and we took

advice from the group on what it thought we should do and how we should do it. The group is a useful forum for smaller organisations in MSPs' constituencies to engage with a wider group that can represent their interests. The cross-party group on China might offer a way for smaller organisations that are involved in local communities to engage. There is a role for MSPs in the group to identify such organisations and point them in the right direction.

**The Convener:** Are you am happy with that answer?

**Sandra White:** I am happy with it, given the committee's work on China. Perhaps we can discuss later how the committee can get involved through the cross-party group and others and feed into the forum's work.

**The Convener:** Sandra White raises an important point: we should ensure that communities know about the stakeholders forum. We have taken evidence from various groups that were involved in setting up the China plan and in its early stages of development, and they feel that it is important to have some kind of stakeholder group. We have also spoken to people who have come in more recently, through various tourism and other initiatives, and they do not want to be out of the loop. The question is how to ensure that there is an information programme to tell people how they can make their views known and how they can input. That is a good point, Sandra, and it is important to raise it with the cabinet secretary.

**Charlie Gordon (Glasgow Cathcart) (Lab):** When you were in Beijing, cabinet secretary, you announced a new modern apprenticeships framework for life sciences. That is an interesting initiative in its own right, given the strength of that sector, particularly in Glasgow—and Dundee, for that matter. Why did you decide to announce that in Beijing? Does that link into what you said earlier about articulation between the vocational and higher education sectors?

**Fiona Hyslop:** As I recall, this is the very committee room in which, about a year ago, it was first put to me that we needed a modern apprenticeship in life sciences. That was about a year ago. At the business in the Parliament event, I co-chaired a session on life sciences. We heard from industry representatives that although they had the best, world-class postgraduates and researchers, they were missing technicians for business development—they were struggling to get them. We need to give the support that the industry requires.

I am committed to developing a modern apprenticeship in life sciences. As it happened, I made the announcement at Touch Bionics' Livingston factory. As it transpired, it was

launching its new product—if you ever get the chance to see it, you will see that it is the most amazing feat of engineering. It is born out of life science collaborations between NHS Scotland and electrical engineering. As part of the visit, I presented a former mine-worker who had lost his arm two years ago with one of the company's devices. It was screwed in, and he started picking up plates and glasses and dialling a mobile phone. It is fantastic, world-leading, cutting-edge technology, and it is from Scotland.

One of the reasons why I made the announcement on a modern apprenticeships framework in Beijing was to connect with Touch Bionics in particular. That showcases the fact that modern apprenticeships are not just for the traditional industries that we recognise; there can be opportunities for the future, and that is why we focused on life sciences. Indeed, I hope to make further announcements about the life sciences framework, which will be available from this summer. We will work with colleges to promote it.

Strategic decisions must be made, because although there might not currently be a mass of available jobs in life sciences, in four years' time it will be a key sector for us, if things that are in development go to plan. We must start preparing for an industry in which we expect to have a greater volume of jobs in years to come.

**Charlie Gordon:** The modern apprenticeships framework is significant in its own right. Could it have significance in relation to China? I presume that the Chinese life sciences sector also needs technicians, and the convener said that colleges in China are feeling their way forward.

**Fiona Hyslop:** Interest in China tends to be focused on our energy technologies, and in particular on renewables. We will probably find more immediate demand for vocational qualifications in those areas, if we can be innovative.

The strategic importance of our life sciences links with China will grow in years to come. They are not as well developed, because of the markets—

**Charlie Gordon:** Is it fair to say that we are ahead of the Chinese in life sciences?

**Fiona Hyslop:** I would not say so in relation to top-level research at Peking University. The University of Edinburgh's collaboration was a key part of our visit. Professor Wilmut from the Roslin institute was part of the delegation to Peking University.

There is potential in relation to technical vocational qualifications in life sciences, so if you are suggesting that we pursue the development of a framework for life sciences technicians, to try to

secure for colleges a competitive advantage and a niche in the Chinese market, my response is yes, that is the direction that I want us to take. I cannot say that we will get the immediate results that we might get in other sectors, but we can follow through on life sciences.

**Stephen Kerr:** Before we can get to the stage of addressing specific areas to do with life sciences, colleges must have teachers and lecturers who can teach the skills, and pupils must be in a state of educational readiness to receive the skills. We can therefore help with the development of the primary school curriculum, for example. There are also opportunities to help with the administration of the exam system in China. Chinese students are used to learning in a way that enables them to pass exams but not to apply what they have learned.

Colleges can have significant input into programmes for the training and professionalisation of lecturers, which are not as well developed in China as they are in Scotland. China is very much looking to us to help with that.

**Jim Hume (South of Scotland) (LD):** The cabinet secretary mentioned a few visits that related to energy and renewables. For example, there was a visit to Hongkong Electric Holdings. Energy is not part of your portfolio, but you must have got a feel for the issue. What stage has China reached on renewables? Does the country acknowledge that it needs to set ambitious targets? Is Scotland trying to persuade it to do so?

**Fiona Hyslop:** Discussions were more about what Scotland can offer in relation to improving access to and the use of renewables. There was no meeting with Government officials on the matter, as far as I recall, and meetings with Government ministers were about other areas. I do not underestimate China's need to pursue renewable energy.

Last April in Beijing, I met one of the ministers with responsibility for science. My delegation included the principal of the University of Edinburgh, Sir Tim O'Shea. We were trying to promote our interests in life sciences and renewables, and the Chinese were particularly interested in our technologies and research. The minister was planning to come to the United Kingdom several weeks later, so we volunteered to introduce him to our leading experts. Within weeks, he came to Heriot-Watt University to attend a presentation on carbon capture and hear about other areas of cutting-edge research.

That shows the existing interest and impetus and, indeed, how quickly we followed through on our offer to ensure that the Chinese were informed about those issues. There is a great deal of interest from China in a number of those areas.

Research collaboration is probably the way in to help promote the better use of renewables. My recollection of the meeting with the Hong Kong Chief Executive is that there is perhaps untapped potential on energy issues there and an opportunity to drive forward. The Governments did not discuss targets, but we can offer to collaborate with the Chinese on how to do renewables and on using Scottish technology to ensure that they can drive forward in that regard. Deborah Smith might have something to add.

**Deborah Smith:** I agree with the cabinet secretary. Some of the discussions showed that there was a clear appetite for relatively quick business opportunities. The discussions were not about persuading the Chinese what they need in terms of targets, but we are mindful that they must go down the route of renewable energy.

The visit was successful in reinforcing that Scotland is at the cutting edge and is a world leader, particularly in marine and wind technology. The cabinet secretary and the First Minister mentioned on a number of occasions during the visit that Scotland's coastline is two thirds the length of China's, which illustrated to the Chinese the huge potential of our natural resources and the follow-on expertise that is developing in Scotland. That reinforced the fact that, in line with the China plan, we are positioning ourselves as world leaders in a small number of key sectors. Renewables is one sector where we have the expertise that the Chinese are likely to need to meet their appetite for energy.

**Jim Hume:** I have a supplementary question. What do you think is the main driver for China going into renewables? Is it to seek an alternative to fossil fuels? Is it to address pollution? Or is it the more unlikely possibility that the Chinese are considering the climate change agenda?

**Fiona Hyslop:** It is all of those. There is also an issue in terms of renewables being cost effective. I cannot speak for the Chinese, who obviously will express their own views, and I do not think that I took part in any of the discussions on renewable energy issues—I had a parallel programme and concentrated on university collaborations in particular—but my impression is that renewables are becoming an economic imperative as much as a climate change imperative in China. It is probably fair to say the same of other countries. Deborah Smith might have picked up on something else.

**Deborah Smith:** No. I agree with that.

**Ted Brocklebank (Mid Scotland and Fife) (Con):** Good morning, cabinet secretary. I have a couple of questions for you, but I will briefly address another matter before I pose them. Given the questions that have been asked about human

rights, it might be useful if I reported briefly on what happened at last Wednesday's meeting of the Parliament's cross-party group on China, which was attended by Madam Tan Xiutian, the Chinese consul, who was happy to take questions on human rights.

One of Amnesty International's representatives questioned her directly on human rights, which will be a matter of public record because minutes will be produced. All I can say is that I was very encouraged by the way she clearly recognised the problems and was open about the fact that China still has some way to go. However, she drew attention to the fact that China is a massive country with many different ethnic groups, that its history goes back for ever, and that there have been massive changes in a relatively short time. I know that Amnesty International is going to see Madam Tan Xiutian, but all I am saying is that I was encouraged by her refreshingly open response and by the fact that the Chinese definitely recognise the significant problem and are making tangible attempts to cope with it. That is just a brief report on what happened last week. The cross-party group is a very important forum, and those who were there were encouraged by what happened.

Coming out of that meeting, one of the things that Madam Tan Xiutian said that interested me particularly—I suppose that it developed from the conversation about human rights—was about the importance of cultural links between Scotland, the United Kingdom and China. She thought that such links were an important weapon in enabling the Chinese to understand the way that we do things in this country and the things that we regard as important in relation to culture, creativity and so on.

11:15

I come to my question now. Immediately prior to the visit by you and the First Minister, there was a gathering of film and video makers from the Scottish sector to explore joint ventures and opportunities to develop the film and video industries with China. Can you give us an update on how that went and perhaps spell out how any of the successes, which I am sure you will talk about, can be spun out not just to the big players such as the BBC and ITV, but to the Scottish independents who are keen to get into co-productions with Chinese companies?

**Fiona Hyslop:** The area is important and I recognise your remarks. The Scottish cinema of dreams in China was extremely successful. We understand that it was publicised in the Chinese media, including on state television, which reaches 600 million people—that is quite a number. More than 1,400 people attended the screenings and

the masterclass that was given. The information was viewed and supported and important connections were made as a result. I heard from people who took part that it created far more interest than they expected and had a real energy about it. Ted Brocklebank will be more familiar with this than I am because of his experience, but the showcase format can be used in other countries if we want to showcase Scottish broadcasting and what we can do with cultural and cinematic technology.

Recognising the creative industry as one of our key sectors and opportunities in China is significant. As part of my visit to Shanghai, I was shown an epic drama that has been syndicated across the world and might be coming to us. For that programme, Shanghai undergraduate students used digital animation to produce vast hordes of warriors. It is interesting that creatives at the University of Abertay Dundee will be working with the same Shanghai students. With the Minister for Culture, External Affairs and the Constitution, we will identify areas for follow up, which will include the creative sector. Strategically, that fits with where we want to be. Ted Brocklebank is right when he says that such opportunities are not necessarily for the mass-market players but for independents. That takes us back to the question, how do we as a Government help to provide a framework and platform for connections to be made?

The Scottish cinema of dreams was extremely successful and made a big impact. I will certainly recommend that we follow it up, but advice on that from committee members would be helpful.

**Ted Brocklebank:** That is encouraging. Perhaps a reciprocal conference will be organised in Scotland, so that those who could not afford to go to China can find out what has been going on and link up with those who are involved in such businesses in China. I acknowledge Abertay's tremendous expertise in computer games.

My other questions are about the year of homecoming. Two of the props of homecoming are golf and tourism, both of which are of interest in my constituency area, which includes St Andrews. What interest is there in China in the year of homecoming, and how did the announcement about the Scottish prestige golf club go down? Elmwood College in Cupar, not far from St Andrews, has been training youngsters in golf course management and the Royal and Ancient Golf Club has been training Chinese people in how golf clubs operate. Perhaps you could say a little more about how many Chinese people we might tempt over here during the year of homecoming, and about how golf will feature.

**Fiona Hyslop:** The homecoming manifests itself across all areas of Government activity. I am not

sure how we could measure the number of Chinese visitors specifically in relation to the prestige golf club initiative, which has just been launched. In China, golf is seen as a prestigious pursuit. The idea is that the golf club initiative will interest key decision makers who are involved in key industries. I did a life sciences dinner event last year and it was fascinating how many life sciences businesspeople were interested both in our life sciences and our golf.

We are open about the fact that we are taking a strategic approach to the people whom we are trying to get to come over. Deborah Smith might be able to give you information on targets about expected visitor numbers. If we were to attract people here this summer, in the year of homecoming, through promotion of the golf club initiative, that would be ideal. However, the initiative is not just for this year; it is for future years.

I am afraid that I did not mention St Andrews when I was in China—I hope that that does not get me into big trouble—but I was delighted when pupils at a school in Shanghai, who obviously knew about and understood Burns, sang “Auld Lang Syne” to me in English and then in Mandarin. I was delighted to be able to send a video in which students at Peebles high school, where Mandarin is now being taught, sang “Auld Lang Syne” to our friends in Shanghai. Cultural exchanges and awareness of Scotland are important for the promotion of tourism in China and elsewhere.

The DVD, “Scotland—the Home of Golf”, has been translated into Mandarin for promotion purposes. I cannot provide targets on the impact that we can make in the short term, but our golf club initiative is not necessarily about volume; it is about attracting to Scotland key decision makers who, as well as enjoying the golf, might want to make strategic business links.

**Deborah Smith:** I have a couple of further thoughts on the homecoming. Mainland China, in particular, is not natural territory for people who would identify themselves as Scots or affinity Scots. My sense is that we should use the homecoming as a way of giving people in China more insight into Scottish culture and history. We have an opportunity to provide a legacy from the homecoming by building longer-term foundations that might mean that people will want to come to Scotland in future years, not just as tourists but to study or to work as well.

Our position on the prestige golf club is the same. I do not think that we have target numbers, although I can check that with VisitScotland and get back to you. As the minister said, the key aspect of the club is that it is not necessarily about attracting huge numbers of people; it is about attracting people who will want to come to

Scotland for a high-quality, top-level tourist experience and who will spend money in the top hotels. That will be the focus of the club. I will check with VisitScotland about projected numbers and get back to the committee.

**The Convener:** An issue that has been raised with us is that the difficulties that people in some parts of China face in obtaining travel documentation—we understand that they have to go through an agency—are a barrier to the development of further cultural, tourism and educational links. Did you have any discussions with the Chinese about that during your visit?

**Fiona Hyslop:** I did not, so I cannot help with that. However, if the committee wants to write to us, we could investigate the matter further.

**The Convener:** When we took evidence on the desire of small and medium-sized enterprises to promote tourism and tourist initiatives involving golf, we were told that that was an area in which improvements would be welcomed. In China, it is necessary to go through an agency to get travel documentation and that is much easier in some parts of the country than it is in others. Does the minister have any thoughts on that?

**Fiona Hyslop:** I cannot help at this stage, but if the committee writes to us, we can investigate whether there is anything that we can do. We would need to make contact with the Chinese consul to find out whether that is a difficulty. If you could provide us with evidence, that would be helpful to us in progressing the matter.

**Michael Matheson (Falkirk West) (SNP):** Good morning. It is clear from what you said that a lot of positive work has been done, and continues to be done, in China. We took evidence recently from businesses as part of a Scottish Council for Development and Industry delegation and they were very complimentary about some of the work. However, we are competing against a range of other nations that are trying to attract the Chinese market's interest in a variety of ways. What can we do better to improve our profile in China in our areas of interest? In the next couple of months, you will discuss with the stakeholders the areas that they believe should be addressed, but I would be interested to know in which areas the Government thinks we can do better.

**Fiona Hyslop:** China is a vast business market, so a scattergun approach by any country will not work. States probably have far better opportunities to promote themselves through foreign affairs than we have as a devolved Administration, but what we need is not necessarily a mass-market approach but strategic connections. That is why we picked the seven key sectors, which include the creative industries, life sciences and renewables. That is the best approach. It is vital to

take a team Scotland approach, because we can all feed off one another. We will have the greatest impact if we improve the alliances that we have at home to help to promote Scotland abroad.

We need to think about where we want to be geographically. Everybody wants us to be everywhere, or they want the connections. We have a strategic connection with Shandong province, which I visited last year, and businesses in Angus, in particular, have a long history of involvement. It takes a long time to build up such relationships. In a former life, I worked at Standard Life, which set up its Beijing office 15 or 20 years ago. The connections were a long time in gestation.

We have to identify the key areas. A fantastic amount of work is being done in financial services, and we should remember that we have strengths not just in retail banking but in other areas such as asset management. Indeed, the forum was successful in developing asset management, and there is particular interest in Scotland from the strategic relationship with Shanghai. Scotland also has many historical connections with Hong Kong, but we can do more to work with colleagues there as a way into the Chinese market.

The key is to have a better understanding between the various organisations, including the SCDI and the Scottish Government. Given that we cannot do everything, what are the practical barriers—travel documents were mentioned earlier—and on what things can we work together? If we dissipate limited resources, there is a danger that we will not make an impact. We cannot help everybody, so it is important to have a common understanding between the small business sector, the SCDI and others regarding the key areas in which we can work.

The key issue is relationships between major companies and the supply chain. Large companies that have a presence in China often work with small businesses in the renewables sector and other areas. It makes sense to me that building such partnerships and relationships is one way in which to grow smaller businesses that want access to markets.

**Michael Matheson:** Some witnesses from the SCDI delegation expressed concern about our visibility as team Scotland in the Chinese market. In particular, they compared us with Ireland and the USA. I understand that it is difficult to have the reach of the USA, but we should be closer to the Irish position, albeit that Ireland is a nation in its own right that has much more overseas representation. What is your response to the SCDI delegation's perception that our visibility is limited? Can we do more to improve our visibility?

11:30

**Fiona Hyslop:** The regular sessions and meetings that we have when we are in China, and the broadcast coverage, are helpful. However, on the issue of Scotland the brand, we must ask whether we want mass-market visibility in a market as big as that, or whether we want to ensure that we have visibility in the areas that we really want to have it in, such as golf tourism, renewables, life sciences or food and drink. Having a selective profile is important. Scotland has a strong presence in the whisky live promotion, as does Ireland.

We do not have a big spend in that area, so we have to think cleverly and tactically. As a nation state, we cannot provide the same back-up as some other countries can, although we punch above our weight for the resources that we have. We can do more, but we have to be more selective about where and how we do that.

The Chinese Government is keen for us to do more in the west of the country. Much of the international attention tends to be on the cities and the east of the country; I suspect that, from a market point of view, many of our companies want to work in places such as Beijing and Shanghai. There is always a tension and a balance on the issue of where we can go.

For a small team, SDI does extremely well in promoting Scotland, but we can always improve. We must examine the committee's evidence and work with the SCDI and others to ensure that the situation improves. As someone who was a brand manager in a former life, I warn against the idea of spending lots of money on advertising in a market as big as China. We should be identifying the niche markets; I would much rather achieve higher penetration and awareness in niche areas than work on a mass-market basis. That will not necessarily suit everyone, but we need to box clever.

**The Convener:** Thank you, cabinet secretary. I am afraid that we have run out of time, and I must conclude this part of our deliberations. You have undertaken to send us a copy of the implementation plan and the memorandum of understanding. Thank you for your attendance and for sharing your views with the committee.

## “Brussels Bulletin”

11:32

**The Convener:** Agenda item 3 is the “Brussels Bulletin”. Do members have any comments? I am looking at Jamie Hepburn—I am sure that he has something he wants to raise with us.

**Jamie Hepburn:** I do indeed. I know that you are always disappointed when I have nothing to say, convener, so I have a comment especially for you.

My comment relates to the Spanish presidency of the European Union. I note that there is a joint statement from the Spanish and French Governments. The statement is available in Spanish—you will need to forgive me, but my standard-grade Spanish probably precludes my understanding a statement from the Spanish Government about its priorities for its presidency of the EU. Can we get some information about those priorities? We have a bit of information, but I am particularly interested in the work that the Spanish Government hopes to undertake to improve the regulation and supervision of financial markets. Can we get more information on that?

**The Convener:** Perhaps when the “Brussels Bulletin” went to press, the joint statement was available only in Spanish. Usually, as documents are lodged, there are further translations. We can look into whether the full document is now available in English. If it is not, we will ask Ian Duncan to give us more detail on the financial and economic crisis proposals, if that is acceptable.

**Jim Hume:** I note that the Spanish agenda that will come up after January seems to be firmly focused on the financial crisis.

Page 4 of the “Brussels Bulletin” talks about the Rural Affairs and Environment Committee’s visit to the European Parliament. It would be interesting to have a breakdown of its findings. This committee should have an interest in that.

**The Convener:** Absolutely. As a result of our discussions and early engagement, we alerted the Rural Affairs and Environment Committee to issues that will arise regarding common agricultural policy reform. It is good that the committee was able to meet Commissioner Fischer Boel, and it would be interesting to get a bit of feedback. I am sure that we can do that.

**Jim Hume:** Good.

**Ted Brocklebank:** You would expect me to draw attention to the common fisheries policy, and the fact that the green paper was released in April 2009. It says that absolutely everything is on the table, but the one thing that is not on the table is

the possibility of withdrawal from the CFP. Perhaps Ian Duncan can bring us up to date on that.

It would be useful to hear about the state of play with Iceland. It will be interesting to see whether Iceland is welcomed into the EU, and, in that eventuality, what will happen to the giant reserves of fish around the country’s coast.

**The Convener:** There is a short report on progress regarding Iceland’s possible membership. We can keep a distant eye on it. I imagine that that is an internal matter for the Government of Iceland and the EU.

I note that most of Scotland’s MEPs—Catherine Stihler, Struan Stevenson, Elspeth Attwooll and Ian Hudghton—spoke up on the need for reform of the CFP. Clearly, our MEPs are keeping a close eye on that—that is important. Although the Rural Affairs and Environment Committee has decided that it will take a first look at the green paper, it will be interesting for us to keep a watching brief on how things progress in that regard. I am sure that the clerks will be able to do so.

Are members content to note the content of the “Brussels Bulletin”?

**Members indicated agreement.**

11:36

*Meeting continued in private until 11:52.*



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