



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

EUROPEAN AND EXTERNAL RELATIONS COMMITTEE

Thursday 19 September 2013

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EUROPEAN AND EXTERNAL RELATIONS COMMITTEE
15th Meeting 2013, Session 4

CONVENER

*Christina McKelvie (Hamilton, Larkhall and Stonehouse) (SNP)

DEPUTY CONVENER

*Hanzala Malik (Glasgow) (Lab)

COMMITTEE MEMBERS

*Clare Adamson (Central Scotland) (SNP)

*Roderick Campbell (North East Fife) (SNP)

*Willie Coffey (Kilmarnock and Irvine Valley) (SNP)

Helen Eadie (Cowdenbeath) (Lab)

*Jamie McGrigor (Highlands and Islands) (Con)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Fiona Hyslop (Cabinet Secretary for Culture and External Affairs)

Colin Imrie (Scottish Government)

CLERK TO THE COMMITTEE

Katy Orr

LOCATION

Committee Room 1

Scottish Parliament

European and External Relations Committee

Thursday 19 September 2013

[The Convener *opened the meeting at 09:00*]

Decision on Taking Business in Private

The Convener (Christina McKelvie): Good morning and welcome to the 15th meeting in 2013 of the European and External Relations Committee. I make the usual request that all mobile phones and electronic devices be switched off, as they hurt the broadcasting people's ears.

First, I record a special thanks and pay tribute to Lauren Spaven-Donn, who is moving on from the committee. When Lauren came to the committee, she took on a piece of work that involved looking at our China plan and helping the committee with the report on that and all the visits and media work around it. She worked closely with Sally Coyne, and we got a fantastic result with the report. We wish Lauren all the best, thank her for all the work that she has done, and hope to see her again. Whoever gets her will get an amazing worker. Good luck and thanks very much.

Members: Hear, hear.

The Convener: Helen Eadie will not come to the meeting this morning, but she has tendered her apologies.

Agenda item 1 is a decision on whether to take in private agenda item 8, which is our deliberations on the European Union anti-trafficking co-ordinator's visit last week. Do members agree to take item 8 in private?

Members *indicated agreement.*

European Affairs

09:02

The Convener: Agenda item 2 is our discussion with the Cabinet Secretary for Culture and External Affairs. The primary focus of the evidence session is on the Scottish Government's action plan. Members should have a copy of that in their papers. We will also discuss the United Kingdom Government's balance of competences review and the work that is going on relating to that. There is a hard copy of a letter on members' desks and there is another letter in their papers from the cabinet secretary.

I welcome the cabinet secretary and her officials. Karen Watt is director of external affairs and Colin Imrie is deputy director of European and United Kingdom relations in the Scottish Government. Good morning.

I invite the cabinet secretary to make an opening statement.

The Cabinet Secretary for Culture and External Affairs (Fiona Hyslop): Thank you very much, convener, and thank you for the invitation to appear before the committee to give an update on the Scottish Government's progress on our European engagement under the Lithuanian presidency.

This is, of course, an important and exciting time for the Scottish Government and our European relations. Yesterday, we marked a year to go until the Scottish people get to vote on Scotland's future. In EU terms, the benefits are clear. An independent Scotland with a seat at the table will be able to contribute on a wide range of matters, including energy, maritime affairs and innovation. The Government sees the clear benefits of EU membership. Scotland should remain part of the European Union, given the benefits of free movement and the access to a single market that covers more than 500 million fellow European citizens and around 20 million businesses. The EU is also the destination of around half—46 per cent—of Scottish exports.

Like many other smaller states, Scotland already plays an active part within the EU. Our EU engagement is guided by our action plan. Last month, we sent the committee the latest update of that plan, which covered our work under the Irish presidency and looked ahead to the Lithuanian presidency. I know that the committee is looking forward to hearing evidence from the Lithuanian ambassador in October.

The Scottish Government's work continues to be guided by our four priority areas: energy and

climate change; the marine environment; research and creativity; and justice, freedom and security.

Throughout 2013, ministers have continued to attend councils to put forward Scotland's views; for example, we successfully pressed the UK to raise the issue of mackerel, which is a key interest for Scotland, at the May council meeting. We have hosted events in Scotland and in Brussels to develop our thinking and provide Scottish expertise to our European neighbours. Ministers and Scottish Government officials have attended numerous EU-related events to put across Scottish views.

We have welcomed European commissioners to Scotland throughout the year. The Commissioner for Trade, Mr de Gucht, is coming next week to coincide with the celebrations marking a year to go before we host the Ryder cup in Gleneagles. That will provide us with an opportunity to discuss the EU-US trade agreement, or the transatlantic trade investment partnership as it is known, which is an important deal for the people of Scotland. We have also hosted Commissioners Oettinger, Potočník and Hahn, covering energy, environment and regional policy respectively, in recent months.

The visits of the commissioners have been an excellent opportunity to drive forward our work on our EU priorities. They have provided us with a platform to share best practice with our European partners. For example, the Deputy First Minister had a useful discussion on structural funds with Commissioner Hahn when he visited Scotland earlier this month and took the opportunity to highlight the importance of Scotland's islands to cohesion policy.

Current programmes on structural funding, for which Scotland was allocated €820 million, are operational from 2007 to 2013. We have made good progress on delivering those funds and most of the funds that were allocated had been awarded by the end of 2010. Across Scotland the funds are being used to support projects that provide training and support for individuals to enter employment, provide advice to businesses, boost capital expenditure and improve access to finance for small and medium-sized enterprises.

We are taking advantage of further opportunities through EU competitive funding—that is, funding programmes that are managed by Brussels rather than on a regional basis. Our commitment to ensuring that Scotland becomes an innovation nation aligns well with EU policy aspirations and we welcome the scale and ambition of the EU's future research and innovation policy, horizon 2020, in which I know that the committee takes a keen interest. We have already committed a minimum of £45 million of annual expenditure to SMART:Scotland in each year of the spending review and a more strategic approach is being

taken to the new round of EU competitive funding with a particular focus on horizon 2020.

To make the most of those EU opportunities, we have developed a Scottish support framework for horizon 2020, which brings together the resources of Government, our enterprise agencies, the Scottish Further and Higher Education Funding Council and Scotland Europa. Significant preparatory work is being done now to prepare for the regular calls that will be issued under the programmes from 2014.

Members will be aware that there is much happening at EU level, widely and generally. We are mindful of the on-going issues in the eurozone and of the need for the EU to reach agreement on banking union proposals.

I am pleased that political agreement on the £960 billion EU multi-annual financial framework for 2014 to 2020 was reached in July between the Council and the Parliament. The next MAFF—and the money that is provided for key priorities such as agriculture, fisheries, research and climate change and key infrastructure priorities such as energy, transport and digital—is vital to Scotland's future economic development. I am sure that committee members will support me in urging the Council and the Parliament to ratify the final MAFF implementing regulation next month so that the new programmes can begin next January.

As members know, the European parliamentary elections will be held next May and there will be a new European Commission and President with a new, refreshed agenda next year. The President of the European Commission, Mr Barroso recently gave his final state-of-the-union address to the European Parliament. He set out the achievements of his term against the difficult economic backdrop of the eurozone crisis and high youth unemployment. He reiterated the benefits of member states working together to resolve the crisis and criticised those who would seek to turn away from Europe at this time. That approach contrasts with the risks that are being created by the UK Government's on-going threat to exit the EU.

I understand that the committee heard before recess from David Lidington, on the UK Government's approach to the EU. I have underlined that this Government is committed to the European Union and sees the benefits in Scotland's continuing membership, for both the EU and Scotland. As the First Minister made clear in his speech at the summer Cabinet in Hawick, Scotland has much to gain from remaining part of the European Union and we can look forward to a bright and prosperous future as an independent member.

The EU also has much to gain from Scotland's continued membership. We believe that there is a need for reform of certain aspects of the EU but that that is best achieved from within the EU, not by standing on the sidelines or issuing ultimatums.

To set out our vision of an independent Scotland as part of the EU, the Scottish Government will publish later in the autumn a detailed white paper with positive proposals on the opportunities and gains from independence. Material on the referendum and the Scottish Government's proposals for an independent Scotland can be found at www.scotreferendum.com, which includes published papers and speeches. The site will be updated regularly with additional material, including the Scottish Government's white paper, in the run-up to the referendum.

I wrote to the committee recently setting out the Scottish Government's action on the UK Government's balance of competences review. The first semester reports of the review were published in July. The general weight of the evidence submitted to those reports is that EU competence is broadly appropriate in each area. I am pleased that a number of businesses, foreign Governments and influential diplomats have made submissions to the review that support the Scottish Government's position that membership of the EU is a good thing, in both economic and political terms. We are preparing our responses for areas in semester 2 of the review, which includes policies such as asylum and immigration; culture, tourism and sport; and environment and climate change. We will share our responses with the committee soon.

In addition to the progress on the balance of competences review, it is important that we monitor the UK Government's position on the justice and home affairs opt-outs. We are disappointed by the UK Government's decision to opt out of the pre-Lisbon treaty EU police and justice co-operation measures and we agree with the widely respected House of Lords European Union Select Committee inquiry that found that the UK Government has not made a compelling case for opting out. We will continue to argue against the UK Government's position, but as it seems unlikely that it will change, we are doing all that we can to ensure that Scottish interests will be taken into account in the consequent negotiations to opt back in to a selection of measures from the list.

As I have outlined, the Scottish Government believes that we are better off within the EU and that any reform is better achieved from within. However, we also recognise that it is extremely important to ensure that when decisions could and should be taken at member state level, that is allowed to happen. In relation to that, I noted with interest the Justice Committee's examination of

the proposal on the establishment of the European public prosecutor's office on 6 September. I am pleased that the Parliament has taken an active role in the scrutiny of EU proposals by approving a motion stating that the proposal does not accord with the principle of subsidiarity. We rely on our colleagues in Whitehall to facilitate the explanatory memorandum and scrutiny process and I will continue to use meetings of the joint ministerial committee on the European Union to encourage them to share information with us in a timely and open manner.

I thank the committee for its interest in our work to enhance Scotland's EU priorities. I look forward to continuing to update the committee on our progress in each of the areas that I have outlined.

The Convener: Thank you very much, cabinet secretary, for your comprehensive remarks. I will take questions from my colleagues in order. They all have questions on a number of areas, so they might jump about a wee bit, much as your portfolio does.

When we had the UK Minister of State for Europe, David Lidington, at the committee last year, we raised with him our serious concerns about the lack of communication with the Scottish Government. When he came back to our committee at the end of June, we raised that issue with him again. In particular, we raised how the UK Government communicates with the Scottish Government on any decisions that it takes, and how it then facilitates Scottish Government officials, ministers and cabinet secretaries to participate in delegations, whether to informal or formal European council meetings or to any of the negotiating bodies and organisations in Europe.

Can you give us your insight into that? We did not think that the situation had improved much. Perhaps you will give us your view, given that you seek to be part of the delegations. I am worried because the UK Government's attitude to Europe is hardening, whereas Scotland has quite a different attitude. Does that situation impede our ministers in doing their job when they go to Europe?

Fiona Hyslop: At the outset of the new UK Government in 2010, there was a genuine appreciation that it wanted to do things differently. It wanted to behave differently and have a different type of relationship with the devolved Administrations with regard to Europe, and there was a commitment to try to improve that aspect. William Hague in particular was quite clear in statements and correspondence with us that he wanted to see that. However, there is potential for difference between the operations of the Foreign and Commonwealth Office and those of other Whitehall departments, and the situation is variable across the piece.

09:15

We have made some improvements in relation to the memorandum of understanding on what is meant to happen with formal councils and acceptance of attendance requests. There is also an indication in the correspondence that I have shared with the committee that, if a Scottish Government minister wants to speak on an issue on behalf of the UK to a line that has been agreed by the UK, which the devolved Administrations have previously been consulted on, that will happen. We have agreed to monitor that over six months to see how it is getting on. By and large, we can attend the meetings but the issue is our ability to speak, particularly on the big issues involving negotiation in the key areas of agriculture and fisheries. The challenges that Richard Lochhead faces are more to do with the Department for Environment, Food and Rural Affairs.

Richard Lochhead is the most experienced rural affairs minister in all the Administrations. He has had that important responsibility for six years and is an asset to the UK Government in a lot of the bilateral negotiations. However, he has encountered real limitations when he has requested to be able to speak. That contrasts with the position of myself and Angela Constance. The UK Government seems quite happy for us to speak on behalf of the UK at the European Committee on Culture and Education. I have spoken at that committee on behalf of the UK and Angela Constance has led for the UK on certain areas. Therefore, it is a mixed bag.

I am disappointed that the invitation has not been extended to informal councils. A lot of the business takes place at informal councils, which is where the relationship building takes place and there are opportunities to drive forward some of the issues. For example, in my portfolio, Scotland has a strong story to tell on the creative industries and people want to hear that story. There is an informal council coming up in Lithuania but, despite the fact that I represented the UK under the previous Labour Westminster Government at an informal council on the creative industries, unfortunately, the UK Government minister says that I will not be able to attend. That is a missed opportunity for the UK Government as much as anything else, because of the contribution that we could make.

It is a mixed bag and we are still trying to improve relationships. It is important that we work well together. On justice, in particular, because we have a separate justice system it is really important that there are good relationships between the Scottish Government and Whitehall departments, but that is variable across the piece. Can the situation be improved? Definitely, yes. Is

there a willingness to try to do that? I think that there is, but there is also evidence that, as the Administration of the current UK Government progresses, the goodwill and enthusiasm that were evident at the outset are dissipating, possibly coloured by some of the politics. It is important that, as the state and as Governments within the UK state, we—including the UK Government—co-operate to focus on the service that we are delivering to the people of Scotland instead of using it in some partisan way. I will continue to argue that case, and I will keep you abreast of the issues.

That is a fairly frank take on where I think things are. I do not want to be dismissive, as I think that improvements have been made, but there is always more to be done and it is important that we keep up the pressure to do that.

The Convener: Thank you. On whether things have improved, David Lidington said that he would be happy to receive any evidence from the committee that proves otherwise. If, after the six-month monitoring period, there is anything that we can feed back to the UK minister, we would be happy to do that. We are very concerned about the diminishing good relations in some aspects of the intergovernmental work.

Willie Coffey (Kilmarnock and Irvine Valley) (SNP): Good morning, cabinet secretary. You have spoken eloquently about the role of Scotland as an independent nation in Europe. I have a particular interest in telecoms and information technology. Over the summer, the ridiculous claim was made that if Scotland were independent, we would face increased roaming charges for mobile communications in Europe. We now know that, as part of the connected continent programme, the Commission is pushing roaming premiums out of the market. Do you have any comments to make on that?

Fiona Hyslop: That is a classic example in which the timing could not have been more explicit. Some of the comments that were being made about charging for mobile phones and what would happen in an independent Scotland were blown out of the water the very same day by the decision from the EU.

In a lot of these areas, it is important that we are as competitive as possible. I think that Commissioner Kroes is about to come out with the next step—if that is what you are referring to—in relation to broadband infrastructure and telecoms. Something is due very soon in that area.

It is important that we have a level playing field for a free market in lots of different areas. From my years of attending the European Council, I know that we are aligned with the UK in many different ways. That is why, when it comes to

positioning and the increase in voting power, we should not see this as a displacement. We would have the rest of the UK and we would have an independent Scotland. In certain areas, we could well be arguing for the same position, which would add weight to that free market and movement.

A lot of this is common sense. Many businesses, particularly small ones, will rely on this. That is why, when it comes to access to market—whether it is physical access, the internet or other areas—it is important that, as a country on the north-west periphery of Europe, we are seen as central. It is why interconnectivity is really important. There may be better opportunities with independence because intercountry opportunities will be advanced. However, that is some way away. We will have to keep an eye on those developments.

Willie Coffey: We know that technology does not recognise any boundaries. I am glad that there is progress towards harmonising charging mechanisms throughout Europe.

On a few occasions, committee members have been interested in the IT infrastructure investment issue. We note in your letter to the committee about the connecting Europe initiative that there has been quite a hit on the budget for IT infrastructure, which has reduced from €50 billion to €30 billion. Within that, the digital allocation component has dropped from about €9 billion to €1 billion. That must ultimately have implications for us here in Scotland.

You say in the letter:

“we are reviewing the potential for supporting digital and other projects”.

I want to get a flavour of what the impact of that might be on Scotland's strategy to increase communications and broadband and so on in Scotland.

Fiona Hyslop: Infrastructure is one of the responsibilities of the Deputy First Minister.

The committee will understand that that is in the negotiations for the MAFF. There are movements in different budgets and that was one in which there was some movement. We had to argue, internally with the UK Government, what our interests are. This one in particular is very important. I report retrospectively on some of the issues that we discuss at the JMC Europe. At the most recent JMC Europe, I was concerned about some of our broadband proposals for infrastructure, particularly around the cities. Because of the state aid issues, which the UK Government had not been as close to as it might otherwise have been, it has caused a bit of delay in what we are doing. It affected us more than it did Wales and Northern Ireland because they

were further advanced in different areas. Part of what we have to do is to try to negotiate and make improvements.

What that means is that we have to maximise what we are doing. There is a huge amount of Scottish Government investment in that area. We want to maximise that spend, which is what the Deputy First Minister is working hard to achieve, using the opportunities with the EU as well.

Interconnectivity is a real opportunity for different states in Europe. Many of our challenges are not with different states; they are cross-boundary and cross-border challenges within the UK. A lot of our emphasis has to be on that.

Hanzala Malik (Glasgow) (Lab): Good morning. You have suggested that, in an independent Scotland, the IT resource would be cheaper somehow. That would be wonderful news for my grandson because he is always complaining about how poor the system is at the moment. Do you have any evidence to back that up? Are there figures to show that it would be cheaper and possibly even better?

Fiona Hyslop: Much as I would love to give that commitment to your family, the issue is to ensure that there are not adverse increased costs for anybody throughout Europe. That is the harmonisation aspect that Willie Coffey mentioned. Although that would benefit the people of Scotland, it would also benefit people elsewhere. Much as I would like to promote a competitive advantage, it would not be appropriate for me to do so.

Hanzala Malik: I know where my colleague Mr Coffey is coming from; I am also keen to ensure that we have a very good service throughout Scotland, particularly in our rural areas as they would really benefit from that. I genuinely believe that it would be a good story for Scotland if we could roll out such a service nationwide. The cabinet secretary suggested that the Government's approach would be somehow more beneficial, and I wondered where that was coming from.

Fiona Hyslop: The Scottish Government's step change in broadband infrastructure will help to improve business opportunities in general as well as other aspects of IT, but it will primarily help small businesses in rural areas.

We are trying to reduce the overall cost of broadband and make it more competitive, which can be done in different ways—not necessarily by privatising Royal Mail, I might add. We want 85 per cent of premises in Scotland to have access to next-generation broadband by 2015, and 95 per cent by 2017.

At the same time, with regard to the harmonisation of prices for services such as mobile broadband, we want to ensure that prices are as competitive as possible across Europe. I would much rather that we were participating as an active member at the table, discussing what the prices should be. We are currently not doing so, but we can try to influence where the UK Government is going on that. On the costs for businesses in Europe collectively, that is where we are at. We have to be careful because, much as we would like Scotland to have cheaper charges in comparison with England or France, it is in our interests for Europe to be competitive, and for all the economies in Europe to be more competitive than countries outside the EU. I am—and the Government is—quite keen that we see the arguments in that regard not as part of a navel-gazing inward reform agenda that is only about processes but about how Europe can compete internationally with the BRIC economies: Brazil, Russia, India and China.

Jamie McGrigor (Highlands and Islands) (Con): I would like to know how the Scottish Government decided on the four key areas that are identified in the action plan. I was slightly surprised—especially given the emphasis on Scotland's food and drink at present, and the fact that the common agricultural policy is such an enormous part of the EU budget—that agriculture appears to have been left off the list.

Given the focus on the four key policy areas that have been chosen, what flexibility is there for focusing on other issues—such as agriculture—that may be of significance to Scotland?

Fiona Hyslop: The key priorities in the action plan were developed and published in 2009. There was criticism from Jamie McGrigor's predecessors on this committee that the Government's approach to Europe was too broad-brush and general. When the action plan was produced—and subsequently—various committees have welcomed the drive for innovation in these four areas. However, that is not to the exclusion of other areas. I have spoken, for instance, about the creative industries; just because they are not one of the four priority action areas, that does not mean that I am not doing anything in that respect.

Jamie McGrigor will know that Richard Lochhead is very active in agriculture. However, the action plan provides a particular focus on areas of differentiation or competitive advantage. Many of the issues to do with the common agricultural policy concern general reform that affects not just Scotland but the whole of Europe.

In the marine environment, one key area is fisheries, through which there is an impact on food and drink. Much of the focus on research and innovation, and on horizon 2020, involves

mobilising research and development for SMEs, a lot of which will be in the area of food and drink.

I commit my ministers to engaging with the committee, and I encourage you to engage with other ministers on other areas of the portfolio. I do not know whether you have ever had Richard Lochhead at this committee—obviously, his prime responsibility is to engage with the Rural Affairs, Climate Change and Environment Committee, but that should not exclude engagement with other committees. It is important for us as a Government to hear the committee's reflections.

09:30

We do not carry out our activities to the exclusion of other areas but the fact is that our focus on four key areas has allowed us to make a big impact with our interests not just internally but in Europe. For example, with regard to freedom of justice, our approach to human rights has been of great interest to other European countries. Roseanna Cunningham, Kenny MacAskill and our law officers have been very active in that agenda. With horizon 2020, we have seen a big step change in our universities and it is great that our universities' performance has, according to the recent survey, improved.

My point is that the focus on these four areas has helped with such step changes and competitive advantage but if, at some point in the future, the committee were to take a different view on the matter, it would be really helpful if you could let us hear it. If you are interested in creative industries or indeed structural funds or IT—which are the responsibilities, respectively, of the cabinet secretary for agriculture and the Deputy First Minister—I suggest that you think about the importance of engaging with other ministers.

Jamie McGrigor: It is not so much that I am complaining about the areas that you have chosen but that I am airing an opinion on the matter. For example, I know from speaking to Richard Lochhead that he is frustrated that a number of CAP-related elements that should have been finalised by now have not been. I am told that the European Parliament is unhappy that its powers under the Lisbon agreement of co-legislating with the Council on the CAP are not being allowed to be fully exercised. One of the problems is that everyone is arguing with each other. As anyone who reads *The Scottish Farmer* will know, farmers are getting desperate about these elements and how they are going to be finalised. I suppose that I am simply drawing the issue to your attention.

Fiona Hyslop: I am fully aware of those concerns, but the fact is that they are shared by farmers in other countries. The issue for the Government is how it deals with the institutions

about on-going matters such as CAP reform which, as you well know, has been a long haul.

One of the real challenges is the percentage of hectares covered by pillar 1 or pillar 2 and, in that respect, we are extremely disadvantaged by not being independent compared with the position we would be in as a result of the process of averaging these things out.

Jamie McGrigor: That is a matter of opinion.

Fiona Hyslop: We can of course debate that, but it is a specific issue for Scotland. Nevertheless, a lot of the issues that you have raised are general to the development of policy across Europe, and we are involved in that work every single day; indeed, it is what you might call regular business for us. In the action plan, on the other hand, we have focused on areas of competitive advantage such as energy or climate change or areas such as freedom and security where, because of our separate justice system, we can play a distinct role to ensure that we can make a punching difference. However, I am more than happy to feed back ideas on how we might promote and engage on agricultural policy.

An interesting aspect is the Parliament's own relationship with the European matters that this committee oversees and the extent to which it engages in debates about, say, the common agricultural policy. Do members of the European and External Relations Committee speak in such debates or do members simply think, "Oh, that's just for the rural affairs people to discuss?" I would like a Government approach in which I am championing agricultural interests along with the cabinet secretary responsible, Richard Lochhead, but I think that the Parliament itself should reflect on how it sees matters and whether it has silos in this respect. The committee has done a great deal of work on this issue and is enhancing that cross-Parliament, integrated approach to European issues, and I encourage it to take an active interest in this area.

The Convener: I must back up my committee colleague on this matter, cabinet secretary. In anything to do with agriculture, he is usually front and centre in representing both the committee's interests and the interests of his constituents.

To reinforce the point about the work that we do, I note that our rapporteur system seems to be working quite well; indeed, a few weeks ago, we gave evidence at the House of Commons and members there were very interested in our approach. Moreover, on Sunday, the convener of the Infrastructure and Capital Investment Committee, Maureen Watt, and I will be leading a delegation including a number of rapporteurs to speak to relevant bodies about European procurement legislation and how it might dovetail

with the Scottish Government's own procurement legislation to ensure that we can co-ordinate our approach to the issue. This committee has encouraged members of other committees to get involved in these things, and I think that we will do a lot more of that in future.

Fiona Hyslop: I would be interested to learn how you get on.

The Convener: I will let you know.

Clare Adamson (Central Scotland) (SNP): You have already discussed in some detail the UK Government's balance of competences review. Do you feel that the engagement in that process of the Scottish Government and stakeholders in Scotland who have a unique view of the issues—you mentioned issue of justice—is working well? How is the Scottish Government engaging in the process?

Fiona Hyslop: The review is a big and bureaucratic task for everybody involved. That is the general view on the part not only of the Scottish Government but of the various Whitehall areas. Different Governments have taken different approaches to engagement with it. The review was political at its source, but it has to be non-political in its application, until the end of the current UK Government's time in office. I have been quite specific in my questioning of UK ministers on this issue, and they have made it clear that the UK Government will produce no conclusions in terms of the politics of what is produced by the review. However, of course, it will be open to any political party at a UK level to use the content of the competences review to inform its manifesto and proposals for government. Clearly, the two parties in the current UK Government will take different views on what they will do with the content of the competences review.

With regard to our engagement, I think that the second semester will possibly be of more interest than the first in terms of the areas that are discussed and the issues that are put forward. That is particularly true with regard to some of the environmental areas. A lot of responses have said that it is fairly fit for purpose and that there is nothing outlying. We are examining the issues to determine the extent to which we are satisfied with the level and range of engagement. We are using that for our own purposes. I think that that is the most sensible way in which to do that.

On whether the review is engaging the body politic and stakeholders, I would say, quite frankly, that I do not think that it is. It was designed to help the Conservative Party and the UK system identify some kind of review and reform to help furnish a possible future referendum on the EU—people are being quite cynical and saying that that is its

purpose. I do not think, therefore, that there has been a great deal of engagement with stakeholders in Scotland. Those who are close to Europe and the system are engaged to a greater extent, but I do not think that it is setting the heather alight across Scotland.

We are co-operating on the various portfolios—that is an example of the co-operation that happens as part of our memorandum of understanding with the Westminster Government. Can we improve what we are doing? Yes. We will do so, and we will share the information with regard to the areas that we are looking at.

The areas of the environment and climate change will have been of particular interest with regard to some of the aspects that we are considering in relation to where we might go. Five of the nine responses to the semester have been drafted and those areas are clear for the next one. We are looking at the second level of interest. The calls for evidence are likely to go out in October for agriculture, fisheries, cohesion, free movement of services and fundamental rights. As was demonstrated by Jamie McGrigor's question, I think that there might be more active engagement on the part of stakeholders when we come to the areas of agriculture and fisheries. What I am saying is that perhaps the subjects in the first semester were not as engaging as other subject areas.

Colin Imrie might want to say something.

Colin Imrie (Scottish Government): We have been working quite closely with Whitehall officials in order to inform the debate, and there has been some stakeholder engagement in meetings that we have had in Edinburgh. For example, there was some involvement in relation to civil justice, the environment and the single market freedom of movement of goods. It is a process whereby the UK Government is seeking to gather information that is as objective as possible and to reflect that information in its reports. That came through very strongly from the first round that was published on 22 July. It showed that most of the evidence that was gathered supported the level of competence.

To add one point to what the cabinet secretary said, it is interesting that our environmental work in particular has shown strong support for many aspects of the way in which the European policy works but also a clear recognition that having a European policy does not mean that every aspect has to be legislated at European level or that Europe has to engage in great detail in the implementation of policy. The approach that has been taken in Scotland, for example with regard to better regulation, has led to more effective and efficient implementation of that area. That leads into the points on subsidiarity and proportionality that have been raised.

Fiona Hyslop: I presume that how you review what we are doing—which is a review of what the Westminster Government is doing—is quite a challenge for you as a committee. We could be reviewing each other for ever.

However, it might well be that, rather than having to look at everything, you might want to focus on specific subject areas—agriculture, from Jamie McGrigor's point of view, for example, or another area. You might want to drill down a wee bit just in one or two areas that are of particular interest to the committee to get a sense of where the competences review or the evidence is.

Your approach would obviously be for you to determine as a committee, but it is such a large piece of work that it might be better for you to focus on key areas of interest if you want to take forward your interest in competences.

Jamie McGrigor: We all understand that the UK Government retains responsibility for European affairs. Under the concordat, the Scottish ministers have access and have a voice and the cabinet secretary herself has access to UK ministers. Is the access to UK ministers that you have under the present arrangement unsatisfactory?

Fiona Hyslop: On the competences, in a sense my relations are primarily with William Hague and David Lidington, and primarily at the JMC Europe. Their primary focus is not to drill down into all the subject areas but to manage and ensure that the process is happening in all the Whitehall departments and devolved Administrations. That relationship is fine because, so far, the balance of competences is not the most controversial thing under the sun, to be frank. As I said, some of the areas that are coming up might well lead to more interest.

Generally, however, with Government to Government relationships, access is variable. If something happens on animal health or public health, for example, that has to be dealt with immediately, or with emergency situations that are absolutely critical, of course those relationships will operate quickly, promptly and competently. With longer-term issues such as access to the future planning of European fisheries or agriculture policy, we have more difficulty in trying to ensure that the pre-agreed lines are followed. I do not want to overgeneralise, because the situation varies from department to department. That is as much about the officials within the Whitehall departments as anything else. I think that some of them—no disrespect to officials generally, I might add—have only latterly properly woken up to devolution as a concept because, for so much of devolution, there was a Labour Government in the UK and a Labour Government in Scotland, so there was more continuity.

I distinctly remember sitting round a table in 2010 with David Cameron and Nick Clegg and the devolved Administrations, and there was every colour of political party under the sun by the time we had the Democratic Unionist Party, Sinn Féin, Plaid Cymru and us. That meant that the actual mechanics of devolution had to be more acutely operational, because different political partners were involved. I think that I am being fair and generous to the incoming UK Government back then in acknowledging that it was conscious of the issue because of the variability of the political parties.

However, in certain areas that are of strategic importance to Scotland, the relationships can be frustrating, particularly in relation to the Department for Environment, Food and Rural Affairs. We could and should have far better relationships with that department than we have. There is a good fisheries minister in the UK Government—I am not saying that he is not. All that I am saying is that, given our expertise and that we have the prime interest, there are issues. That is because, institutionally, the interests of the UK Government are such that it is prepared to negotiate on the interests of the UK as a whole. However, those interests are not necessarily coincident and, in some areas, they might in fact not be. That is understandable, because the city state of London pulls in so much from not just Scotland but elsewhere, so the priorities for the UK will be different.

09:45

I have given the committee the example of what happened at the EU meeting on the creative industries, which is disappointing and represents a missed opportunity. However, at the end of the day, we are responsible Governments and we will have as good a relationship post independence as we have pre independence. It is in our interest to operate in a professional and competent manner with the UK Government or any other Government.

Is there room for improvement? Most definitely yes. Is there coincidence of interest? Sometimes, but not always. Where there are differences of opinion, can that have a major impact on Scotland and Scottish interests, whether in relation to marine issues or to other priority areas that we have here? I have given the committee the example of the justice and home affairs opt-outs. In such areas, we can make representations and be told “We’ve heard what you say,” but the UK can still do something different that is not in Scotland’s interests. The justice opt-outs in particular have been a real problem for us.

You are perhaps trying to invite me to complain too much, but I want to do so more specifically in

particular areas. However, we will work hard to improve the relationship with the UK. Some UK ministers have made a genuine attempt to improve the relationship. As the committee heard from David Lidington, he wants to have an improved relationship, but I dare say that he sometimes cannot make his Whitehall ministers do what he would like to do on that.

The Convener: Hanzala Malik has a quick supplementary question.

Hanzala Malik: No, it is not a supplementary; it is a separate question on what the cabinet secretary said in her opening statement about our relationship with the European Union. She suggested that the relationship might be better after the referendum if there is a yes vote. However, whether or not we are members directly or indirectly, I am more keen to find out how we secure our membership of the European Union, because the British Government has been warned by overseas business interests about that. Japan in particular was very vocal about the possible loss of jobs in the UK. What steps can we take to ensure that we are not penalised in one way or another, regardless of which situation we find ourselves in? That is a challenge in itself because, whether or not we are part of the UK, we still need to protect our industry.

My concern is twofold. First, if we are part of the UK, how do we protect ourselves if the UK decides to leave the European Union? That is probably unlikely, but nevertheless it is a danger, because there is talk about it, so we need to be serious about the possible implications for Scotland. Secondly, if there is a yes vote in the referendum, how would we secure our membership of the EU and what steps have we taken to ensure that there would be a smooth transition?

Fiona Hyslop: That is a very important question. It is the key question about the future of Scotland and its European relations. The most secure way of ensuring that we have continued European membership is to become independent. There is a real risk that, because of the political pressures that are already happening in the UK, Pandora’s box has been opened in that regard. David Cameron has signalled that he wants a referendum on Europe. He might argue that he wants to ensure maintained European membership through the referendum, but he has invited opposition to that, so it will all depend on how some of the politics down south go.

We will set out in the white paper our proposals on the mechanism for retaining membership of the EU, which will be consistent with the legal advice that we have been given. With regard to the relationship between the UK and the EU, I am seriously concerned. A lot of what we are trying to do in the key areas in our action plan—for

example, on climate change and energy—is about attracting businesses to invest in Scotland, particularly in manufacturing for offshore wind turbines or in other areas in which we have a competitive advantage. We want to have a footprint in the European market and I think that we are well placed to do that. Anything that sends signals that there might be a question mark over that from the UK Government is worrying. In my travels, as much concern is raised about that as about anything else. That is the real concern that people have.

On the overtures from the UK Government, it is obviously trying to put a more pro-European argument within Europe but, domestically, the argument becomes more anti-European. People are not daft—they see the different emphasis. When I operate internationally, I make it clear that I am doing so within UK foreign policy. That is the agreement on which we operate in our responsibilities under the Scotland Act 1998. It is clear in my statements and those of the UK Government that the referendum proposals are not the UK Government's position; they are David Cameron's position, should the Conservative Party be re-elected as a future Westminster Government, because it is clear that there are differences of opinion even within the current UK Government.

We need to set out the importance of our exports, a huge proportion of which go to the European Union. One of the strengths of Scotland's economy is that we have such a strong export position, which gives us the strong balance of payments position that has been referred to in many recent debates. It is particularly in our interests that we maintain good relations and have positive access to that market.

We know that a lot of this is political and is not necessarily about what people would want to happen. David Cameron has stated that he would want to remain in the EU, but the domestic politics that are driving matters are different from Scotland's politics. We are not having the same debates. The debates on the EU and EU membership even cross-party in the Scottish Parliament are not the same as those at Westminster. Again, that shows the differences and why we need to have the opportunity to set our own position.

Hanzala Malik's point is well made. The Japanese intervention was one of the strongest, but we have also seen intervention from the US. The importance that it placed on the UK—whether that is the UK or the rest of the UK—remaining within the European Union was striking. That would also be in the interests of an independent Scotland. We would not want the UK to leave the EU.

Hanzala Malik: That was the point that I was trying to bring you close to. I agree with the four main points that we have picked up initially—that is a good initial stance to take—but I am concerned about the timetabling and framing of membership of the European Union. It is important that the whole package is in place. Correct me if I am wrong, but I do not think that there is anything in place at the moment. I have to be honest with you: in the absence of that, I am fearful for our industry.

Fiona Hyslop: On Scotland's position, it should be remembered that we have been a member for 40 years and that we are already administering and transposing in many areas. You will see that in the papers.

Hanzala Malik: With respect, it is the UK, not Scotland, that has been a member.

Fiona Hyslop: We regularly transpose EU legislation and we are compliant with the *acquis communautaire* in a whole range of areas. We are therefore in a strong position with preparations.

The 18-month period between a yes vote on 18 September and the date of legal independence in March 2016 is extensive. The period is much longer than that for many other similar processes for other countries. Indeed, Professor James Crawford, an academic who advised the UK Government on some of the issues, has made it clear that 18 months is a perfectly reasonable time for such arrangements. It should of course be remembered that the arrangements that we will have to make will probably relate more to issues such as voting numbers and the number of MEPs. Part of the preparation is to do with the transition. It is more about that, and the 18-month period is plenty of time for some of the transitions. We take a continuity approach, because it is important for our businesses and people that we remain in the EU. We have been a member for 40 years, and we want to continue to be. It is also in our interests that the UK continues its membership, which is important.

Hanzala Malik: Thank you for that. I have made my point, you have made yours, and I am happy with that.

Roderick Campbell (North East Fife) (SNP): I would like to follow on from Hanzala Malik's point in connection with David Cameron's statement in January about the Conservative Government pursuing negotiations and resolving them with the UK electorate in an in/out referendum, if it is re-elected. As you correctly said, it is a Conservative Party pledge, not a UK Government pledge. Notwithstanding that, and given that we have a referendum coming up in just under a year's time, has there been any kind of dialogue at a

Government level about the implications of that pledge for the referendum itself?

Fiona Hyslop: The implications for which referendum?

Roderick Campbell: The Scottish one.

Fiona Hyslop: We have made clear, publicly and privately, our concerns about David Cameron's remarks. I have also fed back the concerns that I have heard across Europe about the UK's position. We will concentrate on our referendum and we will deliver it. The certainty created by a clear decision by the Scottish people on 18 September to become independent is the clearest and most direct position to take if people want to remain as a member of the European Union, because otherwise the threats are worrying, as Hanzala Malik mentioned. The Scottish people need to be certain about what we do. The certainty of a yes vote would mean that we give a clear signal that we see our future as part of Europe—albeit a reformed Europe—in which our exports and our citizens' interests are best protected.

As you know, on those wider issues, the UK Government does not want to pre-negotiate anything, let alone a putative referendum that it might hold if the Conservative party is re-elected as a UK Government post the 2015 election. As I have said, there are certainties and uncertainties on different sides of the constitutional argument. As many, if not more, uncertainties arise in relation to Europe from the unionist position than from anywhere else. In terms of the union, people need to be alert to the risks and to the uncertainties about the UK continuing as part of the European Union.

As Hanzala Malik said, people are alert to the risks for business interests, which is why many businessmen have contacted the UK Government to express their concerns. An open letter was signed by Richard Branson, Lord Kerr, Dame Helen Alexander, Michael Rake, Roger Carr, Nigel Sheinwald and Andrew Cahn. Those are businesspeople in some of our major industries. Their letter expressed concern about actions that the Conservative Party, should it be re-elected as a UK Government, would take. The certainties that we need could be provided by independence, because we clearly want our future to be as a central part of the EU, as our key industries—renewable energies, marine and agriculture—will be best served by that direct relationship. That is the certainty and the clear direction that people will respond to positively.

Roderick Campbell: Has there been any dialogue between the Scottish Government and the Administrations in Northern Ireland and Wales on the balance of competences review?

Fiona Hyslop: Yes, that has happened as part of JMC Europe. Obviously, when the UK Government decided to conduct the review, it became part of our collective discussions. There are varying degrees of enthusiasm and, I might add, very little political enthusiasm, for the exercise. However, responsible co-operation has taken place. I cannot and should not speak on behalf of the Welsh Government or the Northern Irish Government, but everybody is co-operating with the competences review.

Obviously, the devolved Administrations have different degrees of power. Would it be useful to do a comparison of the feedback from the devolved Administrations? It probably would be, but I suspect that such an exercise to see what the differences are is more one for academics who are involved in the European sector. I have not taken an overview of the input. I think that there have been more discussions at official level about what the different Administrations are doing. Is Colin Imrie aware of such discussions?

Colin Imrie: Yes, we have had recent discussions in the JMC at official level. The matter will be discussed again at a meeting in London on 24 September.

Fiona Hyslop: The discussions have been mostly at official level.

Roderick Campbell: Finally, I think that Greece takes over the presidency from Lithuania at the beginning of January. Given Greece's situation, that might be quite interesting. Have there been any indications of what the priorities will be under the Greek presidency?

Fiona Hyslop: The Greeks will obviously set out their priorities and plans for the presidency. I took the opportunity to visit the Greek ambassador on one of my visits to London. Clearly, financial issues are of key concern to the Greeks, for the reasons that you mentioned. It will be the tail-end presidency before the change of the Parliament, the Commission and so on, so it will be important. The Irish presidency was successful and delivered in a number of key areas. The Lithuanian presidency—which we have seconded some of our officials to support—will be able to drive forward a great deal, and the Greek presidency will need to ensure that things are completed in time for the change of the Commission and the Council.

10:00

The Convener: The committee always has an eye on the future, so we have invited the Greek ambassador to come to talk to us. The ambassador has agreed to do that, probably in late January next year, which is perfect timing, as that is when the Greek presidency starts. In

addition, we look forward to receiving a Lithuanian delegation, and we will hold an event for Croatia at the end of October. We are pursuing our international work on many fronts, in conjunction with the Parliament and the Government.

Is there anything else that you think that the committee should pick up on? Your evidence has indicated a number of areas that we will follow up on, including those on which my colleagues questioned you.

We are just about out of time, but Jamie McGrigor has a quick final point.

Jamie McGrigor: The last time that we had European discussions on CAP payments, the UK Government came up with four different systems: one for Scotland, one for Wales, one for Northern Ireland and one for England. Is there any evidence that that is happening again?

Fiona Hyslop: I can consult Richard Lochhead to find out what the position is on that, but we should remember—

Jamie McGrigor: I am sorry to barge in, but each of those systems was considered to be the best for that area of the UK.

Fiona Hyslop: You will be conscious of the differences that exist between Scotland and the rest of the UK as far as land mass and so on are concerned. Scotland's hill and sheep farmers, in particular, face real issues. Given the different focus on agriculture in Scotland, it is clear that it was necessary to have different systems because of the extent to which Scotland was losing out on the proportion of hectare payments that it should have got had it been judged in the same way as other member states. That is why there had to be internal readjustments. It is a bit like what has happened with the structural funds—the UK has had to do internal readjustments to provide more fairness and equity.

As we all know, the problem is that, historically, Scotland's farmers have lost out repeatedly. It might have been necessary to have the four different systems that you mentioned to rebalance things, but would it not have been better to change the system completely, instead of having to do an internal rebalancing that has left our farmers still feeling left out? I understand that you take a different political view on that.

This is not my portfolio—it is Richard Lochhead's—but, in relation to how things are progressing on the internal allocation post a finalisation of the CAP formula, I am happy to ensure that Scottish Government officials or, indeed, the cabinet secretary writes to the committee to give it an update on what we think that the position is on the new set of funding proposals.

The Convener: The committee would welcome that. Across all portfolios, there is a keen interest in what is happening. I know that the Parliament's Rural Affairs, Climate Change and Environment Committee has raised grave concerns about the future CAP formula. The provision of information on that by the cabinet secretary, along with discussions with our colleagues on the Rural Affairs, Climate Change and Environment Committee, might help to inform our work.

On behalf of the committee, I thank you and your officials very much for your attendance. We have had an in-depth and robust exchange of views, and the information that we have received from the Scottish Government has been extremely helpful in informing us. As always, if there is any further information that you can share with the committee, we would welcome that, and if there is anything that we can share with you, we will do so without question.

I suspend the meeting for a couple of minutes for a comfort break.

10:04

Meeting suspended.

10:08

On resuming—

Foreign Language Learning in Primary Schools Inquiry

The Convener: Welcome back, committee. We move on swiftly—we have quite a full agenda from now on—to agenda item 3, which relates to our very successful inquiry into foreign language learning in primary schools. We have received a response from the Scottish Government, which I think we should note. I refer members to paper 3.

Do members have any comments or questions about the Scottish Government's response?

Jamie McGrigor: I think that it is a good idea that the Scottish Government will update our committee. It is also a good idea that the Scottish Government's response should be forwarded to those who engaged in the inquiry to keep them up to date.

The Convener: I think so, too. Given that British Sign Language became such a relevant topic at our conference, I think that we should also forward the British Deaf Association submission to the Scottish Government. We can ask stakeholders to come back to us with their comments on the Government's response to our report.

Jamie McGrigor: The Scottish Government's languages model breaks new ground, so it is important to check whether it is working. Whatever is happening should be monitored.

Clare Adamson: I welcome the Government's comprehensive response to our report. The Education and Culture Committee—of which I am also a member—is taking an interest in the funding for the language learning programme, so I am glad that the Scottish Government has responded on how it is working with the Convention of Scottish Local Authorities on that issue.

My only concern relates to Scotland's underperformance in the Erasmus and Comenius programmes, which the cabinet secretary's response also highlights. Could the committee perhaps do more to investigate how Erasmus and Comenius have been promoted in Scotland?

The Convener: For me, too, the main point is the need to raise awareness. The schools that we visited seemed to be pretty switched on to what is available, but some others are not. Perhaps we could use the report of the committee's inquiry to disseminate information about those programmes, either through COSLA or through contacting the schools in the local authority areas that we visited. As well as ensuring that all those schools receive a copy of the report, we could perhaps draw their

attention to the Comenius and Erasmus programmes. That might be one way to raise awareness.

Willie Coffey: I welcome the Scottish Government's extensive response. As members will recall, the committee put a large amount of effort into what was a substantial piece of work, so I am pleased with the amount of detail in the Government's response.

As usual, I want to pick out just one item, which is mentioned on page 7 of the Government's response. During the inquiry, I raised a question about the use of the glow IT resource, which I know can also be used in other areas of the curriculum. I note that the Government's response states that Education Scotland is considering "updating" the service. I am not sure whether that relates to the content or just to the need for a software refresh, but I think that the response is encouraging. I take it that, as part of that update, Education Scotland will revisit the content to improve glow for future years. Glow could play a crucial part both in the modern languages initiative and in other initiatives. I would welcome the committee keeping a watching eye on how that develops.

The Convener: Do members have any other comments?

Hanzala Malik: I want to make two comments. *[Interruption.]* Sorry—I beg your pardon. Does Roderick Campbell want to respond first?

Roderick Campbell: Hanzala Malik has started, so he might as well continue.

Hanzala Malik: Thank you very much.

First, I am very keen to see how things progress with e-twinning between schools. That seems a cost-effective way of communicating with people and of making friends. When there is a face on screen in front of you, you do not just talk to that person, but develop a relationship with them. I think that e-twinning could be a very valuable asset.

Secondly, another common language throughout most of Europe is—believe it or not—Arabic, but there is not much uptake of that. Again, e-twinning could provide a solution. Perhaps we could ask schools how they get on with that process.

Roderick Campbell: We had a bit of discussion about the reasons for the decline in the number of foreign language assistants. I note that the Scottish Government's response states:

"The decision to take an FLA rests with LAs ... Anecdotal evidence suggests that recent reductions are linked to Local Authority budget decisions."

I highlight that point because it will be important to increase the number of foreign language assistants if we are to get the project moving in an effective way.

The Convener: Okay. I want to make a couple more points. First, we saw some real benefits from social media, in that our language inquiry triggered a good debate on the Scottish Parliament's Facebook page. That discussion received many hits, and I think that we may have had a record number of people contributing to the conversation. In further conversation with Sally Coyne from our media team, we might see whether there is a way of uploading the report—or providing a link to it—on that Facebook page so that the people who joined in the social media conversation can also read the report. We could get feedback from that point of view.

Clare Adamson: Sorry, convener—are you proposing that we put up a link to the Government's response as well?

10:15

The Convener: Yes, that would be excellent. The report has been published pretty widely anyway, but we can also include the Government's response.

A number of questions have been asked on which further clarification is needed. We can ask the Scottish Government to respond to those in its first update, because it said that it would update us on progress.

Is the committee content to forward the Scottish Government's response to all those who engaged in the inquiry and to pursue some of the ideas that we have come up with today? Do members agree to consider the Scottish Government's regular updates at future meetings and ask for an update on the specific questions that have been raised today, as well as forwarding the response to the British Deaf Association for comment?

Members indicated agreement.

Clare Adamson: Convener, will we write to COSLA on the issue?

The Convener: Yes—we should write to COSLA specifically to draw attention to the Comenius and Erasmus programmes. Are members content with that?

Members indicated agreement.

Scottish Government's Country Plan for China and International Framework Inquiry

10:16

The Convener: Item 4 is our China plan inquiry. We will consider the Scottish Government's response to our inquiry report—we are getting through a lot of responses from the Government this morning. The inquiry involved looking at the Scottish Government's country plans, and the committee focused very much on China with regard to industry and business, which involved some very good visits to companies.

The Government's response is comprehensive and offers some resolution to some of the issues that we raised. Specifically, it addresses a specific issue that was raised by an individual company, and I am glad to see that Scottish Government officials are dealing with that.

I note that the report—the initial draft of which was written by Lauren Spaven-Donn—got amazing coverage in the media. We ran a very good experiment involving an embedded reporter—Colin Donald from the *Herald* business pages—which seemed to work extremely well. It gave the report a bit of gravitas, not only in terms of the committee's work but the work of the clerks too. It is very welcome to see a comprehensive response from the Scottish Government that addresses some of the challenges.

I welcome any comments from my colleagues.

Jamie McGrigor: The Government's response seems to cover most of the issues.

Willie Coffey: I am pleased to see the Scottish Government's response to the recommendation on direct air links between China and Scotland. I understand that the Minister for External Affairs and International Development, Humza Yousaf, held talks in China with vice-minister Xia on that matter. We are clearly progressing in that regard, but we are also reliant on the resolution of the air passenger duty issue. The response from the Scottish Government in that respect informs us that air passenger duty is approximately £83 per passenger, which is a significant deterrent to establishing those direct air links.

I hope that colleagues can impress on their colleagues in the UK Government the need to take a serious look at that issue, because there is amazing potential for Scotland in direct air links to China. I welcome the Scottish Government's response, but I back up its call for the UK Government to take a closer look at the air passenger duty issue.

Clare Adamson: As I have said many times in this committee, I also sit on the Education and Culture Committee. The section of the Government's response that deals with the importance of educational links and what institutions are doing at an educational and a cultural level is hugely important. Perhaps the convener could write to the convener of the Education and Culture Committee to highlight the report and its implications for that committee.

The Convener: Thank you. Are there any more comments?

Jamie McGrigor: Recommendation 9 in our report states:

"The Committee would welcome updates on the Government's investigations into the hubs option, and details of any advances made in developing existing hubs."

The Government's reply stated:

"SDI has an office in Hong Kong and this works closely with our three offices in mainland China".

In taking evidence, we heard that the companies that are doing well in China—such as Marine Harvest—already have offices over there, but the report does not mention that. It should probably include the fact that anybody with a base of their own in China is at a distinct advantage. In other words, not everything has to be done through the Government's offices.

The Convener: There is a suggestion that we should write to the Scottish Government and ask it to map the geographical location of the offices. We can then make a comparison.

Jamie McGrigor: My point was more that some businesses do not necessarily rely on Government help but already have their own bases there. I was concerned about the inference. It was brought forward as important that one company did better than another company because it already had links with China—that is the point I want to make.

The Convener: I think that you are absolutely right. The point on the hubs is that a number of companies have head offices in Hong Kong and that having a stepping stone into China is very important for newer companies.

Jamie McGrigor: I agree entirely—

The Convener: I think that we should write to the Scottish Government and ask for a mapping exercise to show where the offices are.

Jamie McGrigor: Okay. Thank you very much.

Clare Adamson: Jamie makes a very important point, which I think was covered in our report. We have to remember that this is the Scottish Government's response to that report, but I am happy for us to follow through on the mapping exercise.

The Convener: Do members think that there is any other action that we should raise with the Scottish Government, other than those actions that we have raised this morning?

Roderick Campbell: I am not sure how we can keep a handle on recommendation 6 on the tax rebates issue. The Foreign and Commonwealth Office is talking to Todd & Duncan, so perhaps we may want to ask the Scottish Government whether it could keep us advised of any information that it receives on this issue.

The Convener: Is everybody content with that course of action?

Members indicated agreement.

“Brussels Bulletin”

10:22

The Convener: We have the latest edition of the “Brussels Bulletin”. I would like committee members to welcome Charles Abbott, who puts together the bulletin and who is with us today. We are delighted to have him at our committee meeting. Maybe we should be very gentle about how we view the “Brussels Bulletin”; we value it a lot.

Do members wish to raise any questions, comments or issues on the “Brussels Bulletin”?

Roderick Campbell: Do you have any indication as to how Mr Barroso’s comments on the state of the union have been received Europe-wide?

The Convener: Charles is in the public gallery today so he cannot give direct answers. Our process is to pass on any questions raised here to Scotland Europa.

Roderick Campbell: Point taken. I will just flag that question up for further comment.

The Convener: Clare, did you wish to comment?

Clare Adamson: I have managed to mislay my bulletin; I am just trying to find it now.

Jamie McGrigor: I am so sorry, but is it possible to go back to the China plan, or have we passed that now?

The Convener: We have moved on. Time is very tight. If we have time at the end, we can have a follow-up chat then.

Willie Coffey: I would like to follow up on the point raised with the cabinet secretary on the IT infrastructure budget. Can I use a good Scottish word and say that it got a skelping? I am really interested in how other members of the European Union are addressing that issue. A reduction from €9 billion to €1 billion for certain components of the IT infrastructure roll-out must have implications. The cabinet secretary explained how we are approaching the matter, but I am interested in its implications and its impact, if any, elsewhere in Europe.

The Convener: We can raise that issue.

Roderick Campbell: It would be helpful for this committee to be given an update on the progress of the roaming proposals generally.

The Convener: Okay. Clare?

Clare Adamson: I apologise for that delay, convener. I managed to misplace my copy of the

bulletin between my office and this committee room.

There are two areas that I regard as of particular interest. First, the internationalisation of higher education across Europe could have a significant impact on what we do in Scotland. The bulletin mentions the Erasmus programme, which will be very important. Given Scottish universities’ very good results in the world rankings, we could have quite an influence on how that policy is taken forward in Europe.

The other piece of information that I thought was interesting is the fact that the budget for the creative industries, which are hugely important to Scotland, has been agreed. Perhaps the other committee of which I am a member will have work to do in that respect.

The Convener: The only other issue that I wanted to highlight was that, with regard to unemployment, the European Council of Ministers has proposed to extend the European globalisation fund to include workers made redundant as a result of the economic crisis. That could be a very welcome move. The fund has its challenges and issues, and there is a proposal to review and reorganise the whole thing in the coming years, but we should certainly ask the Scottish Government what input it is making. After all, we are talking about €3.5 billion from 2007 to 2013 with a proposed €3 billion going forward and a future top-up of about €1 billion.

The fund has a lot of euros that we should be trying to access and, given the Scottish Government’s overarching objective of increasing economic growth and targeting young people in particular, some of whom have been made redundant as a result of the economic crisis, I think it important that we highlight this issue to the Government and possibly other parliamentary committees.

Hanzala Malik: This is all part and parcel of our decision that someone with expertise in European issues be employed to guide people on how they might access various funds. That person could advise on such matters. How far have we got with that?

The Convener: You will be delighted to learn that the Scottish Government has confirmed that it is indeed employing someone to take on that role. We will get an update on that job role and specification and the impact that it will have on some of the issues and challenges that we have highlighted over the past two years.

Hanzala Malik: That is fantastic. Is a job spec going to be put together and sent around?

The Convener: Katy Orr has just reminded me that Colin Imrie gave us some information about

this in his briefing on our planning day. We can have a look at what he said and update you accordingly.

Are members happy with the “Brussels Bulletin”?

Members *indicated agreement.*

The Convener: I again thank Scotland Europa and Charles Abbott for putting the bulletin together. It makes a very valuable contribution to the committee’s work.

Draft Budget Scrutiny 2014-15

10:27

The Convener: Agenda item 6 is consideration of our approach to the scrutiny of the Scottish Government’s draft budget 2014-15. I refer members to paper EU/S4/13/15/6. Does anyone have any questions, comments or ideas?

Roderick Campbell: I agree with the recommendation in the paper that we invite the Minister for External Affairs and International Development to give evidence on 31 October.

The Convener: I do not know whether it is one or t’other, but it has been confirmed that the cabinet secretary or the minister will be giving evidence. We can focus on particular aspects of the budget at that time. Are members content with the recommended approach to scrutiny?

Members *indicated agreement.*

The Convener: Excellent. Thank you very much.

Independence White Paper

10:28

The Convener: Agenda item 7 is on aspects of the Scottish Government's white paper on independence relating to the European Union. As members will recall, we agreed at our business planning day to examine this issue as the first of our series of mini-inquiries on Scotland's place in Europe. In advance of the inquiry, we are seeking to appoint an adviser.

As members will see from paragraph 4 of paper EU/S4/13/15/7, the committee is invited, first, to agree formally that it would like to appoint an adviser and to seek the Parliamentary Bureau's approval in that respect and, secondly, to agree what I think is a pretty comprehensive job spec and description in the annex to the paper. We will be doing well if we find someone with all the skills and talents that are listed, but I think that for this particular inquiry we need someone with in-depth knowledge of Europe and accompanying facets.

Is the committee happy with the proposal to appoint an adviser and the job spec?

Members *indicated agreement.*

The Convener: I should also say that, if colleagues have on their travels come across someone with all of these skills and abilities and whom they suspect would like to be an adviser, they should let Katy Orr and the other clerks know as soon as possible so that we can get job descriptions and curriculum vitae put together and allow the committee to consider whom we would like to be our adviser.

Jamie McGrigor: Presumably he or she would need to be impartial.

The Convener: Of course.

Jamie McGrigor: How would they be chosen? Who would interview them?

The Convener: We would have a selection of CVs, which we would discuss. We will decide the matter. Are you content with that, Jamie?

Jamie McGrigor: Very much so.

The Convener: Do members agree to take that forward?

Members *indicated agreement.*

The Convener: Excellent. As agreed, we now move into private for agenda item 8—I apologise to the members of the public who have just joined us.

10:31

Meeting continued in private until 10:44.

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