



The Scottish Parliament  
Pàrlamaid na h-Alba

## Official Report

# EUROPEAN AND EXTERNAL RELATIONS COMMITTEE

Thursday 26 March 2015



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**EUROPEAN AND EXTERNAL RELATIONS COMMITTEE**  
**7<sup>th</sup> Meeting 2015, Session 4**

**CONVENER**

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

**DEPUTY CONVENER**

\*Hanzala Malik (Glasgow) (Lab)

**COMMITTEE MEMBERS**

\*Roderick Campbell (North East Fife) (SNP)

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

\*Adam Ingram (Carrick, Cumnock and Doon Valley) (SNP)

\*Jamie McGrigor (Highlands and Islands) (Con)

\*Anne McTaggart (Glasgow) (Lab)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Ian Campbell (Scottish Government European Union Office, Brussels)

Dr Paul Fischer (Bavarian State Chancellery)

Christos Sirros (Agent-General of the Government of Québec in London)

John Somers (Scottish Affairs Office, Beijing)

**CLERK TO THE COMMITTEE**

Katy Orr

**LOCATION**

The Robert Burns Room (CR1)



## Scottish Parliament

### European and External Relations Committee

*Thursday 26 March 2015*

*[The Convener opened the meeting at 09:01]*

### Decision on Taking Business in Private

**The Convener (Christina McKelvie):** Good morning and welcome to the seventh meeting in 2015 of the European and External Relations Committee. I make the usual request for mobile phones to be switched off.

Agenda item 1 is a decision on taking business in private. Do members agree to take item 5 in private?

**Members** *indicated agreement.*

## Connecting Scotland Inquiry

09:02

**The Convener:** Agenda item 2 is evidence taking from two panels of witnesses as part of our connecting Scotland inquiry.

We are delighted to welcome our witnesses, who have travelled from London and Munich, respectively, to give evidence to the committee on their Governments' international strategies. Christos Sirros is Agent-General of the Government of Québec in London, and Paul Fischer is from the international relations department in the Bavarian State Chancellery.

Good morning and welcome to the meeting. I believe that each of you has a short opening statement. Dr Fischer, would you like to go first?

**Dr Paul Fischer (Bavarian State Chancellery):** Convener, honourable members of the European and External Relations Committee and dear colleagues from Québec, on behalf of the State Minister for European Affairs and International Relations in the Bavarian State Chancellery, Mrs Beate Merk, I thank you very much for your kind invitation to give evidence to the committee on Bavaria's international relations strategy.

It is a great honour and pleasure for me to be here today in the Scottish Parliament, which, when it was created in the devolution process, proved to be the key driver for closer Scottish-Bavarian relations. I remember many a Scottish delegation visiting the Bavarian Landtag—the Parliament—in Munich to learn more about how a sub-national Parliament works and how it can make itself heard at a European level, and I hope that your interest in Bavaria will help to revitalise the 2003 co-operation agreement between Scotland and Bavaria.

In outlining the main features of Bavaria's international relations policy, I want to emphasise at the start that conducting external relations is a constitutional right of the German Länder. Although article 32(1) of the basic law reserves foreign affairs to the federal state, article 32(3) allows individual states within their sphere of competence, which includes culture, education, media, security, health and environmental protection, and in agreement with the federal Government, to negotiate and conclude treaties with foreign countries. Bavaria has always made use of that constitutional right and has thereby maintained diplomatic relations below the level of foreign policy. As a current example, we are preparing a memorandum of understanding to be signed with the French Republic—the République française.

While relations with Berlin are more or less harmonious, there is a strong element of competition with other Länder governments, and Bavaria is very successful in that environment. Its institutional model of international relations is decentralised and is based on loose co-ordination between different state ministries. The key actor is the Minister-President, who has the right to set out the Government's priorities. Those priorities are then implemented by ministries and Government agencies in their areas of competence; in other words, the Bavarian state ministries are free to conduct their own external relations within the Minister-President's priorities and guidelines. The Bavarian State Chancellery, where I work, is responsible for overall co-ordination—its own budget for international projects is rather small—and the Minister for European Affairs and International Relations in the Chancellery plays the role of Bavaria's foreign minister.

Let me give you a few facts and figures. Bavaria is geographically at the heart of Europe and is Germany's largest and oldest state. It was originally and has historically remained a state—it was not artificially created after the second world war—but it is very important to note that, although it is often called the Free State, it has no more powers and competencies than the 15 other Länder. Its 12.6 million inhabitants represent 16 per cent of the German population and, with 20 per cent of the federal territory, it is Germany's largest state. Its state budget is 47 billion euros, 10 per cent of which has to be paid to other Länder under the famous financial equalisation scheme that you might have heard about and which in German is known as the *Finanzausgleich*.

In an almost 1,000-year-old tradition, Bavaria and the Bavarian state Government have always cultivated good relations with foreign countries. For a highly advanced state such as Bavaria, it is impossible to imagine sound future development without its being embedded in an international framework.

Bavaria's partners are countries and regions not only in its immediate vicinity—what we call cross-border co-operation—but in the rest of Europe and, indeed, all over the world. The state Government acts as an opener of doors and a partner wherever there are close connections with immediate neighbours, such as the Czech Republic, Austria and Switzerland; where there are historical and cultural ties, particularly with the central-eastern and south-eastern European countries, but also with France, Italy and the USA; and wherever there is an opportunity to have greater access to world markets such as China, India, South America and Brazil. The state Government helps to promote Bavaria's innovation, competitiveness and cultural identity

and, by building bridges between cultures, increases the location's attractiveness.

Bavaria's international co-operation covers a wide variety of fields that can be summarised under three thematic headings: politics and administration; business, science, technology and the environment, with a focus on the internationalisation of science and research and our universities; and education, culture and society. Recently, against the background of current problems arising from the worldwide movements of refugees triggered by crises such as the Syrian civil war, Ebola and dramatic climate change, we have added a new sphere of activity: development policy. In that field, we have started to co-operate with Tunisia, Turkey and Lebanon.

Bavaria has six essential tools at its disposal for cultivating its international relations, the first of which is the international contacts of the members of the state Government. In 2014 alone, the Bavarian Minister-President visited the Vatican, where he met the Pope; France, where he met M Hollande; the Czech Republic, where he met Mr Nečas; and China, where he met Premier Li Keqiang, and he was received by the respective leaders. Conversely, Bavaria receives guests and high-profile dialogue partners from society, politics and businesses. All in all, there are one to two meetings a week between state ministers and foreign Governments, and around 20 foreign trips a year are organised by the State Chancellery, not to speak of our state ministries' other foreign travel trips.

The second tool is our 12 intergovernmental commissions and working groups, which support close co-operation on specific projects between Bavaria's partners and the state Government at the bilateral and multilateral levels. At the European level, I should also mention Bavaria's input to the European Danube strategy since 2009 and the European alpine strategy, which is currently being developed.

A special tool that I would like to stress in this respect is the regional leaders conference. In our opinion, the future belongs to strong regions, and the very best compete with each other. That is why Bavaria created the so-called power regions group. Biennial summits of the group involve the leaders of Bavaria, Québec, São Paulo, Upper Austria, Shandong, the Western Cape and Georgia in the USA, and its guiding principle of close co-operation among strong partners on four continents has led to numerous joint projects in research, technology, education, the arts and the media.

The third tool is Bavarian representation offices abroad. The committee might be surprised to learn that we have more than 20 representative offices, but only three of them—the offices in Brussels,

Montreal and, indeed, Prague, which opened only a few months ago—are political ones. The other roughly 20 offices are commercial in nature, and they are currently being revised with the objective of improving efficiency, because we think that 20 offices on four continents around the world might be a bit too many. The heads of the offices often have two or three hats; they might also work for, say, the German chamber of commerce, foreign trade or a bank. As that approach might not be efficient, we are reviewing the offices.

The fourth tool is agencies in Bavaria that have an international focus. We have created an agency called Bayern International, which promotes Bavaria abroad at trade fairs, and in the context of internationalising our universities, we also have several Bavarian university centres for co-operation with eastern and central Europe, France, the USA, Québec, China, Latin America and India. Bavaria is a prime venue for hosting internationally renowned forums for dialogue and negotiations, such as the Munich security conference every February. We are also looking forward to hosting the G7 summit in southern Bavaria this year.

The fifth tool is co-operation with the consular corps. With more than 110 consular representations, Bavaria has the largest number of consulates outside Berlin.

The sixth tool is specific support for individual projects, which gives me most of my work. Projects are submitted by scientists, students, representatives of associations, civil society and organisations, and 30 to 50 of them are agreed to and implemented by the intergovernmental commissions.

Those are the practical results of international co-operation at the operational level. Germany's federal structure leaves ample room for Bavaria and the Deutsche Länder to conduct their own international relations. We think that a federal state is well suited to guarantee regional diversity and meet the nation's and regions' demands for the widest possible flexibility and influence, but we are well aware that the German model of federalism is not the only one possible. Every state must take into consideration its country's peculiarities and regional characteristics.

09:15

That is what I wanted to say about Bavaria's external relations policy, which will be reviewed soon. I am grateful to be at this meeting, as I will perhaps hear about other approaches to the subject. Thank you for inviting me, and I will be pleased to answer your questions.

**The Convener:** Thank you very much. We turn to Mr Sirros.

**Christos Sirros (Agent-General of the Government of Québec in London):** Thank you very much. I, too, express my thanks for the invitation and my pleasure in being here. I have had the opportunity to meet my ex-colleague, Ian Campbell, who is on the next panel and is your delegate to Brussels, where I spent a good eight years.

I will give you a brief historical perspective of how we are where we are, why we do what we do and how we do it. I will then explain briefly my Government's main objectives.

Québec has been present on the international scene for around 50 years. We are the only Canadian province that has such an extensive network of representations abroad. We have around 27 representations across the world in, if memory serves me right, 12 countries. That presence comes out of Québec's basic need—as a Francophone island, if you like, in Canada and North America—to assert itself and express its identity, and the realisation in the 1960s, in a period that we call the “quiet revolution”, that to do so on the international scene was to project our identity and to strengthen it in the context of our internal reality.

For a long period, Québec had a very inward-looking and sheltered existence. The realisation towards the end of the 20th century that that precariousness could not continue led to the creation of a modern state. That creation is recent—it comes from the 1960s. I always give the example that 1964 marked the first-ever Minister of Education in Québec. Education, health and many other social responsibilities of the state had been left entirely to the church. However, the 1960s saw a sense of reaffirmation, which asserted itself in all spheres, leading to the creation of a modern public service.

With that came the enunciation of the Gérin-Lajoie principle by the first Minister of Education, who was also responsible for international affairs. It simply said that if a policy is our jurisdiction at home, it should be our jurisdiction everywhere. That was based on a court decision from the 1930s by the Privy Council, which told the federal Government that it could not implement treaties that it had negotiated—under the Canadian constitution, only the federal Government has the right to negotiate—if they were in areas of provincial jurisdiction without the provinces' accord. With that came the sense that if things that had been negotiated by the federal Government were to apply to Québec, it would make sense for Québec to exert its influence and presence in its spheres of jurisdiction, too.

From that realisation in the 1960s, including the principle that what is ours at home is ours abroad, came the establishment of a ministry of

international relations and—slowly—a series of networks of representations across the world, resulting today in the 27 representations in 12 countries that I mentioned.

The main characteristic of how we are organised is that the representations are all Government offices. Contrary to many other countries—my colleague has just alluded to Bavarian Government representatives wearing two or three hats, which may include a Government hat and a private sector hat—in Québec's network of representations, all the representatives are Government representatives. I do not want to use the word "status", but the degree of representation varies. We have what we call antennas, offices, delegations and general delegations.

I will start at the top. The general delegation is basically the full service representation. It services all the Government's priorities in all our areas of jurisdiction. As a delegate of the Government, authority is embedded in the representative by the Cabinet in the areas of politics and public affairs, economic affairs and cultural affairs. That includes relations with other institutions or with Governments, depending on the jurisdiction and depending on the kind of relationship that we can establish in the various countries that we are in.

The areas that I mentioned—politics and public affairs, economic affairs and cultural affairs—are the three basic driving forces behind our activities on the international scene. In the area of politics and public affairs, our purpose is to follow the debates that are happening on the international scene, especially as the world has become more and more globalised. We attempt to create alliances with others who share the same goals and principles and to influence decisions as they come down the pipeline. We also project Québec's reality through public affairs and public diplomacy—it is about telling people who we are. In relation to economic affairs, the idea is to sell Québec—to sell our products abroad and to sell Québec as a good place to invest in. In relation to cultural affairs, the idea is to create a space for our artists to be seen and recognised across the world and to support our cultural industries.

A general delegation has representatives from the Government, but it also has a larger percentage of locally hired staff, as you can well imagine. It is run, or directed, by representatives of the ministry of culture, the ministry of international relations and the ministry of economic development. The other ministries are directly co-ordinated by the ministry of international relations, with which they have agreements. The ministry of international relations is their co-ordinator, or boss, if you like, in the field.

The people who represent the various sectorial ministries' interests are delegated by the ministries

involved but seconded to the ministry of international relations, which then sets the terms of their employment and activities abroad under the authority of the delegate-general—or agent-general, as he is called in the United Kingdom. That is a particular kind of reality that probably stems from an old colonial past, when we had an agent-general to look after our affairs with the Crown.

Fundamentally, that is a brief presentation of what we do. For the other areas that we are involved in that are not general delegations, it is a case of scaling down. The scaling down would probably end up, at the entry level, being driven primarily by economic interests. We would probably set up a delegation, an office or an antenna if we had identified potential economic interests in a place. That may change over time, because things change. Offices open or close, depending on what the perspectives are. For instance, we opened an office in Moscow a few years back but, for various reasons—you can imagine some of them—that office has been closed over the past couple of years.

Government budgetary realities also play a role in how active we can be on the international scene. We have gone through periods when the network has expanded and periods when it has retracted a little bit, depending on what has been happening with our public finances. However, the general trend over the past 50 years has been growth within the network—again, with the sense that it is a Government representation.

My next point might be of interest to some of you, given the political context that we all understand. We do not attempt to be embassies, although in Québec over the past 30 years or so, we have been having a very similar debate to the debate that has been happening in Scotland on the whole question of sovereignty, independence, federalism and all of that. At times, that debate has influenced the relationship between the embassies on the ground and our delegations, although there is a tacit understanding that we solve our own problems at home, no matter who we are. It is clear that the level of co-operation or synergy that can be developed between a Canadian embassy and a Québec delegation can be influenced by the political context at home.

The general approach is that the embassies represent Québec as well, but we bring added value as regards our jurisdictions. We want to work with the Canadian embassies to ensure that they open for us the doors that need to be opened in contexts that require diplomatic recognition, which we do not have. At times, we bring to the table added value for Canada by allowing host countries to understand that it is not just the



federal Government that speaks on behalf of Canada.

The best example that I can give of that relates to the trade negotiations between Canada and the European Union, which would not have happened had it not been for—I humbly state—Québec's presence in Brussels. The EU was not interested in negotiating with Canada, primarily because the federal Government could not commit to federal jurisdictions, especially in public markets, so the Europeans wanted to get a commitment from the provinces that what was to be negotiated would be respected. It was as a result of the provinces convincing the Europeans, in which Québec played a leading role, that we were willing to negotiate with Canada at the table that the Europeans concluded the agreement with Canada.

We have been very active on a number of other priorities that are priorities for the Government of Québec and which stem from our jurisdictions, including climate change and the convention on cultural diversity that was adopted by the United Nations Educational, Scientific and Cultural Organization a little while ago. In parenthesis, I mention that we are the only province that has negotiated with the federal Government a specific presence within the Canadian delegation to UNESCO. That is a recent achievement—I think that that happened in 2004.

We also have a specific presence and speak with our own voice at the International Organisation of La Francophonie, where we have developed over time a special relationship with France. In a sense, that gives us diplomatic recognition. We have an institutionalised exchange between the Premier of Québec and the Prime Minister of France. There are alternate visits every year—on one quite recent visit, different ministers and ministries participated with their French counterparts. Many of our ministers entertain relations with their counterparts in various countries. It is one of the roles of the delegations to ensure that we have a network that allows us to present to our ministers and ministries the appropriate contacts that are of benefit in terms of best practice and so on.

In formal terms, we have signed—sous réserve—close to 200 agreements on issues to do with social security. For example, we have agreements on mutual recognition of various social security measures such as pensions and the transferability of benefits between countries and Québec, because social security, too, is a provincial jurisdiction.

Perhaps it would be best to stop there and to open up the session for questions, if there are any.

**The Convener:** I think that members are all champing at the bit, which is a Scottish term for “ready to go”.

**Willie Coffey (Kilmarnock and Irvine Valley) (SNP):** Good morning to you both. I know that we have limited time, but I would like you to say a little bit about your Governments' powers. Are there any circumstances in which Bavaria and Quebec would see the need to extend their powers or acquire more powers? Circumstances in your economies must change from year to year, and there will be demands to do things better for your people. If you were to seek more powers within the sphere of competence that you mentioned, how would that process work? That is my first question.

Secondly, do both your Governments have powers over things such as job creation? Do they have borrowing powers? What do you do with your tax revenues? Do you keep all of them, or do they go to the German and Canadian Governments? Could you tell us a wee bit about those things, please?

09:30

**Christos Sirros:** Perhaps we should start with the money, which is often at the source of things. You mentioned taxation. The Québec Government taxes directly—it raises its own revenues on the basis of its needs. The federal Government does the same, taking into account the fact that it is one pocket—there is a general sense that there is only so much that one can get in terms of taxes. We raise our own taxes on the basis of our jurisdictions. We are responsible for education and health; we are also responsible for economic development and for many other areas that require the raising of funds.

At this point, we are not in a process of seeking more powers. The Québec reality and the reality of the Canadian constitution is that the provinces are designated a certain number of jurisdictions, and the federal Government has other jurisdictions that are given to it. It all stems from the British North America Act 1867. Over time, many things have changed, but tradition has played a role over time, too.

Some jurisdictions are exclusive. For instance, there is no education minister for Canada. Only the provinces have education ministers. There is a Minister of Health in Canada, but she does not administer anything; she looks after public health in general terms, including food inspection and stuff like that. The health ministers in the provinces run the health system.

There are financial agreements between the federal Government and the provincial Governments for funding some programmes. At

this point, we are seeking more clarification on the jurisdictions and spending power of the federal Government. The basic reality of the Canadian constitution is that the federal Government has spending power, but there is no clear indication that it cannot spend in areas of provincial jurisdiction without provincial authorisation. That sometimes creates problems, because the federal Government decides one thing, which leads to certain priorities that may or may not correspond with provincial priorities. There are discussions and debates in the political context and a desire to have clarification on those things.

There is also the fundamental reality of the Canadian constitution, which was repatriated in 1982 from Westminster to Canada, with an amending formula, which, at the time, did not receive Québec's consent. The issue still remains to be looked at, decided or dealt with at some point.

**Dr Fischer:** Seeking more powers for a German Land would mean a difficult and complicated reform of federalism. It would go as far as that. I do not want to go into detail, but we had one of those reforms only a few years ago, and it took years. One problem involved determining the competence of the Länder for universities. There was framework legislation, where the federal state was responsible, but the Länder were responsible for the professors, the teaching and so on.

On the other hand, we have the same sort of experience as Québec as far as our powers are concerned. We have specific powers such as those for education, which is fully part of the competence of the Länder. We also have policing. There are many other things for which we are responsible, including the environment and lots of other important powers.

We have a subsidiarity principle. For example, we do not interfere with waste management, which is best dealt with by the cities and at a municipal level. We are happy with that.

If we want a bigger say, we can always use the procedures foreseen by our constitution. We have the Bundesrat—the federal council—in Berlin, where the Länder have a say. Our Minister-President, who is chairman of the Christlich-Soziale Union in Bayern, also governs in Berlin with Mrs Merkel and the Sozialdemokratische Partei Deutschlands. There are quite a lot of possibilities for getting our interests seen by the federal state.

We leave the creation of jobs to our small and medium-sized enterprises, which are the backbone of the Bavarian economy—about 99 per cent of our firms are SMEs. People think of BMW, Siemens and MAN, which are important for Bavaria and Bavaria's attractiveness, but our

SMEs are the backbone of the Bavarian economy. We also have a very low unemployment rate of only 3.8 per cent compared to the German rate of 6.9 per cent, so the problem does not arise at the moment.

**Christos Sirros:** I was going to say that we have a low unemployment rate of around 6.9 per cent.

**Willie Coffey:** Dr Fischer, were you successful when you discussed new powers two years ago? I think that you gave an example from two years ago. Were you successful in acquiring new powers, or did you fail to persuade?

**Dr Fischer:** We were successful. Of course, the 16 Länder were involved.

**Jamie McGrigor (Highlands and Islands) (Con):** Bavaria is probably the largest and strongest of the Länder—is that correct?

**Dr Fischer:** That is correct.

**Jamie McGrigor:** Did you say that there are 11 or 15 Länder?

**Dr Fischer:** There are 15 other Länder—there are 16 Länder in all.

**Jamie McGrigor:** According to a previous committee witness,

"The Bavarian Land ... has a right to represent the country at the Council of Ministers".—[*Official Report, European and External Relations Committee*, 5 February 2015; c 19.]

Do all the other Länder have that right? How on earth do they all get fitted in, if that is the case?

**Dr Fischer:** I am not sure. We have a new article in our basic law, article 23, which gives the Länder a certain say on European questions. However, I think that it is all to be negotiated with the federal Government. As far as I know, there is no direct participation by Bavaria in the Council of Ministers in Brussels.

**Jamie McGrigor:** That is interesting. Germany is a federal state. Do all the Länder have the same advantages, or do particular Länder such as yours, which is very strong, have better advantages than the others? If so, is there any disharmony over that?

**Dr Fischer:** That is a very good question, as it touches on our everyday policies in Germany.

Bavaria has huge advantages. As a country, its economy is number 1 or 2 in Germany and it has global players that are known worldwide. It also has FC Bayern Munich, which is a global player. It has those advantages over other Länder. It is the oldest Land, and history and tradition play an important role compared with their role in other Länder that we often call the "hyphen Länder", such as Baden-Württemberg and Nordrhein-

Westfalen, which were created after the second world war. Bavaria is not an artificial state; it is a state of its own.

Talking of disharmony, as I told you, we have a budget of €47 billion, of which 10 per cent—about €4 billion—is given away by Bavaria to other Länder. For example, most of the Länder of the former German Democratic Republic are involved. The question is how the Länder that get our money use that money. That is why there is often political strife. Of course, in the next few years, that topic will be on the agenda at a national level. The issue is how to re-equalise the financial equalisation scheme in Germany.

**Jamie McGrigor:** You say that you have 20 international offices. Do they promote Bavarian culture or is it German culture generally? Is it your Land more than anyone else's?

**Dr Fischer:** They act as commercial offices. For example, as I said, we have many small and medium-sized companies that cannot really work on an international level, because they have no interpreters or people who have cultural knowledge and so on. The representatives who work in, say, Johannesburg or Shenzhen in China are there to guide those companies and to inform companies in those places about how to invest in Bavaria. That is the main thing—they are commercial offices.

There are some exceptions. One is the Brussels representation, and another is the representation in Prague, which is quite special. Perhaps you know that, for historical reasons, after the war, relations with our neighbours the Czechs were difficult, because of the question of the Sudetendeutsche. It is a great achievement to have that office and representation in Prague. There is political representation although, of course, that is always together with a colleague who is responsible for trade affairs.

**Jamie McGrigor:** Mr Sirros, you mentioned Quebec's cultural connections, which are obviously more with the Francophone part of Europe—they are towards French culture more than any other. I am interested in the connections of Quebec to the EU and in what you said about CETA—the comprehensive trade and economic agreement. There are worries about the possible effects of such agreements, such as the privatisation of health services. From your experience of CETA, has that happened? Have you seen any examples of bad things in CETA in relation to Quebec?

**Christos Sirros:** No—none at all. I have been fairly closely involved with the discussions and negotiations, and I think that many of those fears are extremely exaggerated and have no foundation in legal fact. A large number of people

might have such concerns—I have heard things about privatisation of water, health and education services—but nothing in the agreement takes away the right of a Government to decide what it wants to do with its services.

On the cultural aspect of our international presence, you are correct that there is a particular relationship with France, given the Francophone reality. However, we are culturally present in non-Francophone countries.

**Jamie McGrigor:** I am sure that you are.

**Christos Sirros:** In the UK, London is clearly a magnet and an attraction for people. We have more than 1,700 representations a year in the UK, with many here in Scotland. We will be present at the Edinburgh festivals this summer. The presence is therefore not just in Francophone countries; there is a cultural dynamism that we like to put forward. It stems from our cultural identity as a Francophone society, but we like to share that.

**Jamie McGrigor:** To go back to CETA, is there a problem with the fact that the different provinces might have different standards? You said that you have a minister for public health in Canada. Does that mean that Quebec and the other parts of Canada have the same standards on things such as food safety?

**Christos Sirros:** On the whole, yes. That is the quick answer. There is a federal agency for food safety that sets certain standards. Whatever provincial standards exist in certain areas, they are up to par with the federal standards. In other words, there are no substantial differences in health standards from province to province.

09:45

**Roderick Campbell (North East Fife) (SNP):** I would like to come back to some points about the CETA treaty and about how negotiations between Quebec and the federal Government work. What is the status of the Quebec Parliament in treaty negotiations? What part does it play in reviewing them?

**Christos Sirros:** As you know, Canada has signed other free trade agreements with, for example, the USA and Mexico. The CETA negotiations were the first ones in which the provinces were directly involved and had their own delegations at the table. They spoke through the Canadian negotiator, as it were, but were directly involved in the process from A to Z. Even though the negotiations specifically took place between the Canadian negotiator and the EU negotiator, there were delegates from each of the provinces in the room in relation to the sectors in which they had an interest in their jurisdictions.

In the past, there have been consultations and discussions between the federal Government and the provinces on a less formal basis as negotiations between Canada and whoever was being negotiated with went forward. The federal Government has the right to negotiate commercial international treaties but, as I said earlier, the province has the authority and the power to implement whichever parts of those treaties touch its jurisdiction. The National Assembly in Québec, for instance, will review whatever has been negotiated and give its consent to the application of the treaty that Canada has negotiated if it affects provincial jurisdictions. In the case of CETA, when the ratification process is complete, there will be a motion in the National Assembly to enforce the treaty negotiations, which will be debated in the house and adopted or rejected. The point is that, yes, the National Assembly exercises that authority.

The other provinces might do things differently, whether by Government decree or a Cabinet decision. However, Quebec decided to have a parliamentary aspect to the process.

**Roderick Campbell:** And that ratification has yet to occur.

**Christos Sirros:** Yes, the ratification has not yet taken place.

**Roderick Campbell:** Did the debate with other provinces in relation to the negotiations cause strains? Were there competing tensions between different provinces?

**Christos Sirros:** Different provinces had different priorities in the CETA negotiations. Clearly, there are differences between Alberta, which has a willingness to promote better investments for developing its energy resources, and Newfoundland, which wants to increase its access to the EU in terms of fish. As in any global negotiation, there was give and take.

That is why it was important that the provinces were able to be at the table. There were many instances in which they were able to meet among themselves, as well, and understand just who wanted what. Some people wanted some issues kept and gave up other issues. Ultimately, we hope, everybody came away with the sense that there was a win-win for everybody and was satisfied enough that there had been a good conclusion.

**Roderick Campbell:** Dr Fischer, you said that the German federal model might be different with regard to the power that it gives to individual Länder such as Bavaria to engage in international relations. As I understand it, Bavaria can sign international treaties. Can you give us recent examples of treaties that it has signed? What areas are we talking about?

**Dr Fischer:** We would not call most of them treaties; we would call most of them administrative agreements. We have signed one with Tunisia, for example, and it was not a treaty of international law but one in which our Administrations agreed to work in specific fields of co-operation.

It is quite rare to have real treaties. I cannot think of a recent one, but I am sure that there were treaties between the Czech Republic and Bavaria on cross-border traffic and environmental problems, for example. At the moment, however, I cannot give you a specific example of a treaty concerning international law. They are very rare.

**Roderick Campbell:** From your respective experiences, what lessons can be learned for Scotland and its relationship with the rest of the UK?

**Christos Sirros:** It is very hard to give advice.

**Jamie McGrigor:** Feel free.

**Christos Sirros:** Our experience is that it has been useful for us to have a Government presence in various different territories. It has allowed us to benefit from best practice in those areas and to look after our interests, whether they are commercial, cultural or, indeed, political. Our concept is to have a policy that is based on the Government's priorities. It might change over time. For instance, an international affairs policy was adopted about 10 years ago and it is being reviewed. It will probably be put forward in a new format.

Things change. The world's reality has changed. Globalisation has played an incredible role. You can take what applies to you from what I am saying, but for us it has been important to be present where we feel our interests are best served, to speak with our own voice where we can, to collaborate and co-ordinate our action with the Canadian Government, and to do so in a way that allows us to be seen and heard because that opens up possibilities for us to better our people's standard of living economically and to gain international recognition of who we are.

**Dr Fischer:** It is very difficult to give advice because our systems are so different. In Bavaria, a success story is the international policy to set up representative offices, to travel, to be open to the world, and to create an investment-friendly climate, for example. Talking about Bavaria's assets abroad has proved very successful. Bavaria's industry generates half its revenue abroad. I do not know what the figures for Scotland are, but you could compare them with those from the rest of the United Kingdom, for example, and make Scotland a special place for investments, as well as showing Scotland as a cultural nation, which is very important. Of course,

it has to be done without intervening on the rights of Westminster.

That would be my modest advice.

**The Convener:** We have to finish by 10 o'clock this morning because we have someone in Beijing waiting to come in on the next panel. We will take questions from Adam Ingram, Hanzala Malik and Anne McTaggart—succinctly and quickly, please.

**Adam Ingram (Carrick, Cumnock and Doon Valley) (SNP):** I will try to keep my question as simple as possible.

The impression that I get from what has been said is that the network of offices that has been set up basically pursues an economic agenda, but I imagine that there are other dimensions to the international reputation that you want to build for Bavaria and Quebec. What international reputation do you seek to build for your homeland?

**Christos Sirros:** I will take a stab at that.

We want the world to understand Québec's reality: the nature of Québec society and the reality of being a Francophone state within a sea of North American Anglophone reality. With the United States as a neighbour to the south, there is an incredibly strong cultural pressure—

**Adam Ingram:** That could be described as being in bed with an elephant.

**Christos Sirros:** You have to watch out when he turns, don't you?

**Adam Ingram:** We have a similar feeling here.

**Jamie McGrigor:** Speak for yourself.

**Christos Sirros:** One thing that we would like the world to understand is that the need for affirmation in that context has resulted in a creative and dynamic society that has survived over the past 200 or so years, after the 1760 conquest, if you like, and has emerged as a modern-looking, open and forward-looking state.

If there is an image of Québec that we would like the world to understand, it is that it is open, outward looking and willing to participate with others in promoting the fundamental values of respect for people, equality and democracy, and that we do so as a Francophone reality within North America.

**Dr Fischer:** Bavaria would maybe like to have a change of image away from the castles of Ludwig and the Oktoberfest. That is very important, but we want to be seen as a reliable trade partner, a motor for innovation and a reliable partner for the megatrends of the future, so that Bavaria is not only about lederhosen or leather trousers but about laptops—although they are also becoming a bit ancient now. We want to be seen as a modern

state that is open to the world and a reliable partner for the world.

**Hanzala Malik (Glasgow) (Lab):** Good morning and welcome. I apologise for being late. I also welcome the press delegation from Pakistan, which has come to see how the Scottish Parliament works. Their Parliament is in Lahore, which is one of Glasgow's twin cities.

I want to ask about Quebec and its relationship with not only Europe but the USA. Is the relationship with the USA overseen by the central Government, or do you make a direct contribution independent of the central Government? What kind of relationship do you currently enjoy with the USA?

**Christos Sirros:** Political recognition is between the federal Government and the US Government. We do not have a direct relationship with the US federal Government.

We are present on US soil in a substantial way. The US is our major trading partner, we have a large office and a general delegation in New York city and a bureau in Washington, and we are present in Los Angeles, Houston, Atlanta and Chicago. We deal directly with US interests in the fields that I talked about before—primarily the economic, investment-seeking, export and cultural industries fields. We create opportunities for our artists to be seen and to be there.

I would say that there is less of a political relationship between the US Government and the Quebec Government. There are political relationships between many US state Governments and the Quebec Government, and there are instances where the governors of the north-eastern states meet with the premiers of eastern Canada.

**Hanzala Malik:** It seems that the relationship that you enjoy is like the one that Scotland enjoys. Do you have any ideas about how to get to the next level, at which Quebec and Scotland can directly involve themselves with the central Government to achieve better results?

**Christos Sirros:** You would have to ask yourself first whether it is necessary to go to the next level to achieve better results. It depends on what those areas are and how else those results could be achieved.

I do not want to get myself involved in a political debate that leads to the next level, but I mentioned in my presentation that we do not have diplomatic status, and some sub-national states do. I am thinking of Flanders and Wallonia, which have diplomatic status, because they are considered parts of the Belgian federal external service even though they are outside of the embassies in many cases.

We have embedded staff from the Québec Government inside Canadian embassies, especially in small delegations in countries such as China, or in other places where it makes a lot of sense to be within the Canadian embassy. That facilitates, if need be, a direct relationship via the embassy for those fields of jurisdiction. However, your question about the next level has many undertones to it, so I will not go there.

**Hanzala Malik:** Indeed. Thank you very much.

**The Convener:** Anne, do you want to ask your question very quickly?

**Anne McTaggart (Glasgow) (Lab):** No, it is okay.

**The Convener:** Are you absolutely sure?

**Anne McTaggart:** Yes.

**The Convener:** That makes my life a bit easier—thank you.

I say to the witnesses that we could have had a longer conversation about all the work that your nations do and we are interested in that, so if there is anything else that you want to share with the committee to inform our work, we would be grateful for that. We are grateful for your presence this morning, and we are looking forward to a more informal conversation over lunch. Thank you for coming along.

I suspend the meeting briefly so that we can set up the videoconference.

10:02

*Meeting suspended.*

10:08

*On resuming—*

**The Convener:** Welcome back to the meeting. We are moving on to the second panel of witnesses. With us in the room is Ian Campbell, who is head of the Scottish Government EU office in Brussels, and on videoconference from Beijing we have John Somers, who is first secretary of the Scottish affairs office there. Welcome to our committee, gentlemen. We are delighted to hear from you. I believe that you both have short opening statements to make and I invite John Somers to go first.

**John Somers (Scottish Affairs Office, Beijing):** I am grateful for the opportunity to talk about the work of the Scottish affairs office in China and I appreciate the committee allowing me to do so from Beijing via videoconference.

I have been the first secretary for Scottish affairs since January 2013. I am the third person to hold that position and the first to have worked in the

Scottish Government before taking up the post. The office is located in the British embassy and we focus on our six key geographic areas—Beijing, Shanghai, Tianjin, Shandong, Shenzhen and Hong Kong. I have a small team of two locally engaged staff in Beijing, but our capacity is greatly amplified by the four Scottish Development International offices throughout China, our network of 36 global Scots, the eight Scottish university representative offices here in China, the Scottish societies in Beijing, Shanghai, Guangzhou and Hong Kong, our growing network of alumni and our social media site followers, which number around 30,000.

I work closely with the embassy policy teams—particularly the science and innovation unit, the Research Councils UK office and the health team—as well as with other policy and sector leads throughout the mission and with UK Trade & Investment.

I have regular meetings with the embassy's political and economic sections to ensure that the Scottish Government teams here and in Scotland have the most up-to-date socioeconomic and political analysis from China. I have an excellent working relationship with the British Council and, when it is appropriate and reciprocally beneficial, we support each other on a range of educational and cultural initiatives.

We are well supported by the Chinese People's Association for Friendship with Foreign Countries, which is the arm of the Chinese Government that works with the office. Although we work as part of the UK diplomatic mission, our work is fully focused on Scottish ministers' priorities in China, which are articulated in our five-year strategy.

Our role is to represent the Scottish Government in China on devolved issues; within the embassy, to offer constructive input and—when needed—challenge on issues that are important to Scotland; to co-ordinate with and support the work of Scottish universities; to work hand in hand with Scottish Development International and other partners such as VisitScotland to secure high-level access with the Chinese Government and state-owned enterprises; and, finally, to manage visits by Scottish ministerial delegations to China.

I believe that the office's work has contributed to increases in Scottish exports to China; collaborations between Scottish and Chinese universities; the number of Chinese students choosing to study in Scotland; the number of children and young people in Scotland studying Mandarin and learning about Chinese culture; and the upward trend of Chinese tourists visiting Scotland. I believe that many of our partners and stakeholders based in China and Scotland would support that assertion.

In geopolitical terms, China views its relationships in a broad context. For example, it prioritises its relations with the European Union, the United States and the Asia-Pacific Economic Cooperation forum. However, it would be a mistake to believe that China does not value its bilateral relationships with individual countries, both large and small.

China is often described as a country of superlatives that may seem complex and challenging. One of the advantages for the Scottish Government of having an office in China is that, by developing strong Government-to-Government links, we can more easily understand and better navigate the socioeconomic, political and cultural differences—and commonalities—between Scotland and China.

We often hear or read about the term “guanxi” in descriptions of Chinese culture. It is a description of the importance in Chinese culture of building trust through face-to-face networking and through developing meaningful individual Government and commercial relationships. Having a full-time and long-term presence in China is essential to developing and maintaining that guanxi.

We are fortunate that Scotland—or Sùgèlàn—has an identity that is recognised within China. People know about our whisky and our food, our Highlands, our traditions and our culture. Part of my role is to use those positive associations with Scotland and develop them further, into a more in-depth and considered recognition of Scotland as a country that is creative, innovative and open for business and where Chinese people and institutions can visit, invest, live, study or work.

**The Convener:** Thank you. Ian Campbell is next.

**Ian Campbell (Scottish Government European Union Office, Brussels):** I am grateful for the invitation to talk about the work of the Scottish Government EU office in Brussels. The Scottish Government office in Brussels was established in 1999. It is the only Scottish Government office outside Scotland where we have our own presence. We have people in embassies, but Brussels is the only place where we have our own physical presence.

The office has evolved since 1999 to respond to changing circumstances at home and in Europe. We currently have 16 staff carrying out work on the Scottish Government’s behalf—nine Scottish Government staff who have been posted from Scotland, five staff who have been locally recruited in Brussels and two intern positions, which we appoint through our annual graduate stagiaire programme. I have been in the EU office since March 2008 and have been head of office since late 2010, so I have been there for some time.

Although Scottish Government staff in the office are accredited to work and live in Belgium through the United Kingdom permanent representation to the European Union—UKRep—the office is not co-located with UKRep. We have our own building, which I think many committee members have visited. The office is in Scotland house, which is in the heart of the EU quarter of Brussels, in close proximity to the main Commission building, the European Council and the European Parliament.

Since the office was established, the primary role of our presence in Brussels has been—and continues to be—to support ministers and officials in their engagement with the EU institutions and with the wider EU community that operates in Brussels. Although our accreditation is through the UK permanent representation, our work focuses on the areas of EU activity that have—or could have—an impact on Scotland across all policy sectors for which ministers have competence and on the areas that, although ministers do not have direct competence over them, could still be impacted. That is about ensuring that, domestically, we are aware of and ready to deal with policy decisions made at an EU level.

10:15

The office works to identify opportunities for and any potential risks to engagement; it also provides a platform to promote Scotland through policy and cultural engagement. As engagement and representation are at the core of our work in Brussels, I will say a bit more about what that means in practice.

Engagement covers interaction with the main EU institutions—the Parliament, the Commission and the Council. It also extends to interaction with other actors in Brussels, such as member states, regions and think tanks. The engagement happens through various channels, such as supporting ministers attending council meetings; facilitating attendance at council working group meetings for Brussels and Scotland-based officials; holding regular meetings with Commission policy teams to promote Scottish interests in EU policy development and to hear the Commission’s thinking on proposals; holding meetings with and briefings for members of the European Parliament, including non-Scottish MEPs, and their offices on Scottish interests, as well as monitoring the European Parliament’s overall work; and participating in the wider policy discussion in Brussels among the numerous actors on the EU circuit through hosting and attending policy and/or cultural events.

Networking and building relations are a key part of what we do in Brussels and why we are there. The office works closely with other Scottish bodies

that are represented in Brussels. The main one is Scotland Europa, the member-based organisation that also has its office in Scotland house. That offers benefits for co-operation and promoting a one Scotland message externally.

Brussels is—allegedly—the most heavily lobbied city in the world, so it is important that the Scottish message is as consistent and joined up as it can be. Being aware of the views of Scotland Europa and its members helps us to ensure that, whenever possible, Scotland is joined up in its approach to EU engagement.

We work very closely with the UK permanent representation. We are in daily contact across the various policy teams, and its help and support ensure that we have the most up-to-date information on policy issues that we can have. On occasions, it is a mutually beneficial relationship as, through our contacts, we can gather information that we pass on to UKRep and which it might well otherwise not have picked up. Our networking also covers non-EU actors that are in Brussels when Scotland has an interest, such as with Norway on fisheries.

Our cultural diplomacy activities offer opportunities to dovetail our policy and cultural focus by promoting the best of Scotland to an international audience in the heart of Europe. The office hosts a number of events throughout the year, such as events around St Andrew's day and Burns night on the cultural front and many others on the policy agenda. Those provide a platform to extend our networks, deliver key messages and share best practice as well as an opportunity to learn from others.

The Scottish Government's EU office is a well-recognised and distinctive part of the Brussels landscape. Its reputation for engagement and participation has been the result of many years of effort from those who have worked there, past and present. It has contributed to Scotland's profile in Europe and beyond and continues to do so.

The Brussels office's impact depends on the extent to which colleagues and stakeholders in Scotland are informed of and engaged on EU matters. It is by providing that link between Scotland and Brussels for ministers, officials and stakeholders that the EU office has its purpose and offers value.

**The Convener:** Thank you. I will go straight to questions. I remind members that there will be a slight delay to the videolink and ask them to be patient.

**Jamie McGrigor:** Mr Somers, my Highlands and Islands region contains most of the salmon farms and very many of the distilleries in Scotland. Scottish whisky and Scottish farmed salmon are valuable exports. The Chinese market could be

enormous. You talked about exports. What promotional tools for those goods are you using for Scotland's economic benefit?

**John Somers:** We are pleased to see substantial growth—of 26 per cent—in salmon exports to China. Unfortunately, we have seen an equal decline in whisky exports. The policy context in China is that officials are not allowed to use gifts or high-level dinners to promote whisky or baijiu, so we have seen quite a big hit to our luxury market.

Last year, I sponsored whisky L, which is Asia's biggest whisky expo, with 90 per cent of distillers in attendance. I used that forum to invite VIPs from commerce and the political field in Beijing and Shanghai. I also had an SDI stall and a VisitScotland stall there, so we could promote our other sectors and the tourism opportunities as well.

This is Scotland's year of food and drink, so I will be hosting a number of alumni ceilidhs and events in Beijing, Shanghai, Shenzhen and Hong Kong. We will provide Scottish salmon and whisky at those events and ensure that our guests realise where the products come from.

**Jamie McGrigor:** Mr Campbell, how do you help Scottish companies to feed into the disparate mass of EU income streams, which can bring advancement to those companies?

**Ian Campbell:** You have to understand that our office's role is more about influencing policy and supporting officials and ministers in direct engagement with institutions. SDI has the primary role in supporting companies, and its office in Paris would link into the issue that you raise.

Seafood was mentioned earlier. Richard Lochhead will attend the seafood expo next month, and we will support him in that and will work with SDI to ensure that the Scottish message on that sector is put across.

If the issue is about accessing funds, the primary purpose of Scotland Europa, which is part of Scottish Enterprise, is to support business and industry in that regard. Our focus is slightly different—it is not an investment focus in that sense.

**Jamie McGrigor:** Your focus is more political and cultural.

**Ian Campbell:** Yes.

**Jamie McGrigor:** What tools do you use to deliver a focus on Scottish culture?

**Ian Campbell:** We are fortunate that we have a space in Scotland house where we can host events. St Andrew's day and Burns night are great opportunities to showcase Scotland's talent. We work with the Royal Conservatoire to bring out



young students, which allows them to get experience of performing on an international stage. We have used previous Scottish young musicians of the year and visual artists as well.

Everything that we are doing this year is about promoting the year of food and drink. Last year was about homecoming—we are tied into the theme years. We take the opportunity to get those messages across at all our events.

We refresh an exhibition in the conference centre each year. This year, it will be themed around the year of food and drink. We are looking to operate with Scottish artists and people in Scottish colleges, as we have in the past, to showcase what they are doing.

The events are not all about culture; there is a policy theme as well, which is about sharing best practice in policy terms and learning from others.

**Jamie McGrigor:** What about political themes?

**Ian Campbell:** The political themes are whatever the Scottish Government's political priorities are, engaging directly with the Commission and the Parliament when we can and making sure that we are working with UKRep to get the Scottish messages across.

**Hanzala Malik:** Ian Campbell, what you say is fantastic. It is refreshing to hear that we are still building on previous successes.

Could you shed some light on what we are doing with regard to our dairy products? I know that the Brussels office and you have concentrated in the main on alcohol—whisky in particular—on our salmon industry and on other industries. However, I would like to think that our dairy products are a valuable commodity and I would like to know what support we give our smallholdings to exploit those products.

**Ian Campbell:** Again, a lot of the work on engaging those producers and helping them to export will be done through Scottish Development International. From the point of view of my office, we want to use Scottish produce at events whenever we can. Cheese is probably one of the easiest products that we can use in that way, because it is easy to source and transport.

In policy terms, we work closely with the policy teams back in Scotland. If things are happening at an EU level that might cause concerns to industry, we expect that to be fed in through the policy teams back in Scotland, and we would work with them to try to influence the Commission or the Parliament.

**Hanzala Malik:** I am interested in support for smaller manufacturers who are involved in the production of dairy products, haggis and other speciality items that are famous around the world

but which we are not able to sell as well as we are able to sell whisky and other items. That is all about the level of support that we give people, particularly the smaller companies. You do presentations and events, but do we go beyond that? Is there further scope for that?

**Ian Campbell:** That question is probably better addressed to SDI or Scottish Enterprise, which support businesses directly. We have very little direct contact with manufacturers and businesses. It is up to them to determine whether Brussels or Belgium is a market that they want to get into. If it is, we work with them.

Through the year of food and drink, we have been working closely with the leading policy team and food and drink colleagues to see what opportunities there may be as we go forward in the year. We will be advised by them and, when we can give them a platform, we will do that. When there is a need to get a message across, particularly if there are regulations that will cause them problems, we will work with them to try to influence that.

We have less chance for promoting business. The Beijing and Washington offices provide more of an opportunity to do that. They are there to do that, and they work much more closely with SDI, which does not have a presence in Brussels. It chose to go to Paris.

It is important to recognise that businesses that are in Brussels are generally there to influence the Commission and the policies that come out of the European institutions, rather than to create direct investment opportunities. That is not their main purpose in being there.

**Hanzala Malik:** I accept what you say about Scottish Enterprise's involvement with industry and all the rest of it, but I am trying to dovetail the two together—so that you complement each other. I was hoping that you might be in a position to advise and guide Scottish Enterprise about what additional opportunities there are for some of the products that we have perhaps not been zealous enough in exporting.

**Ian Campbell:** It comes down to testing the market. We do not have the expertise to work out what the Belgian market wants and needs; that is what SDI does. It knows where the business is, and the businesses themselves will know what the potential markets are. If we can help, we will absolutely do so.

Scotland Europa is part of Scottish Enterprise, and SDI is part of Scottish Enterprise. We work collaboratively together, whether it is on events or in promoting messages. As I have said, working closely together means that we can adopt a one-Scotland approach. If there is an opportunity to get over a Scottish message, we will do that.

However, we are not really geared up to make connections in some respects, because that is not our purpose. For instance, in the dairy sector, companies want to sell Scottish cheese. They are competing in a market. Is there a market in Brussels for that? There might be, but it might be a niche market.

**Hanzala Malik:** I did not want to limit things to Brussels; I am keen to send it as far as China, if possible.

**Ian Campbell:** Absolutely. In that sense, John Somers is probably better placed to answer that point—I say that without wishing to pass the buck. It is probably a matter of asking SDI what it is doing to help businesses, as that is its main purpose.

**The Convener:** We should perhaps address some of this morning's questions to SDI and Scotland Europa. We can consider doing that.

**Anne McTaggart:** Good morning, Mr Somers. How far down the road are you in adopting a Scotland-house approach in Beijing?

**John Somers:** We are not currently looking into that option. The Chinese Government would put very strict protocols on where we could site a Scotland office. I have diplomatic status in the UK embassy, and part of that status requires me to be within the UK compound. As yet, we would not be able to have a separate entity in Beijing, because of those Chinese diplomatic protocols.

**Anne McTaggart:** That is interesting.

This question relates to the previous one and is about Scottish Development International offices in the same country as Scottish Government international offices. How well, and in what ways, do you work with SDI?

**John Somers:** China is probably one of the countries where our roles are inextricable. I need to work very closely with SDI on one of our key priorities, which is economics and sustainable growth. SDI needs me, too.

China has certain Government restrictions on access to state-owned enterprises. For instance, if SDI wanted to have a high-level meeting with PetroChina or the China National Offshore Oil Corporation—CNOOC—I would have to open up that meeting with the relevant ministry first and get SDI the access before it could have the business meeting.

Our role is to work as one team. We work really closely with SDI. It has four offices located around China, and I use those offices as bases for engaging with our stakeholders and their alumni and for promoting Scottish ministerial interests. We also have a very good working relationship with VisitScotland, which we try to represent in

various expos and tourism meetings in China. We absolutely consider ourselves as one team, albeit that we have distinct roles.

10:30

**Anne McTaggart:** Finally and very loosely, I hope that you are not missing the Scottish weather. It was snowing on the way from Glasgow to Edinburgh this morning.

**John Somers:** I am not missing the Scottish weather, but I am missing your very clean, fresh air.

**Roderick Campbell:** Good morning, Mr Somers. I would like to talk about the Scottish affairs office's role in supporting Scottish universities in China. Can you give us an update on how that is going and whether immigration restrictions in the UK in terms of post-study visas, for example, are having a detrimental impact?

**John Somers:** I am very fortunate in that we have eight full-time Scottish university representative offices in China, and we work very closely with them. In fact, we see ourselves as a single team. I suppose that the advantage of our working in China is that we work as a team and people do not need to compete with each other.

I did a series of alumni dinners last year, which I will repeat this year, in which we asked Chinese Scottish alumni to look at ways in which they could promote Scotland as a place to study in their own chambers of commerce, high schools and so on. They all left each of the dinners with a commitment to do that and to keep us updated on our Weibo site.

I was pleased that the Smith commission added a point of consideration to look at the work/stay visa status for Scottish students. That is very important, and I think that that would make us much more competitive.

You are right. I think that there has been a slight decline in the number of Chinese students who go to Scotland. The ability to have flexibility around work/stay visas would make us much more competitive. We saw that under the fresh talent initiative.

**Roderick Campbell:** Thank you. I have a slightly different question about the use of social media, such as Facebook and Twitter. Is there scope for expanding that use in your office in Beijing?

**John Somers:** Absolutely. We have a Weibo site—Weibo is the Chinese version of Twitter. We currently have 30,000 users; we have built the number up from 15,000 to 30,000 over two years. We use them to promote various cultural, commercial or Government priorities in China.

They support us when we do expos, for example. We did a tourism expo in Tianjin, which is one of the biggest cities in China, and used our social media site to call on volunteers. We had 200 volunteers, some of whom were willing to travel 2,000 or 3,000 miles to come and work for us for free.

We are now developing a Weixin site. Weixin is a little more like Facebook, although it is more popular in China—it has around half a billion active users. We are developing that site with our international marketing colleagues, and we hope to bring Scottish Development International and VisitScotland on to the same portal so that Chinese social media users have a single point of access to find out information on investing in, visiting or studying in Scotland.

**Roderick Campbell:** That is quite encouraging.

I have a question for Mr Campbell on the transatlantic trade and investment partnership. To what extent has your office in Brussels been involved in any part of the TTIP negotiations in protecting devolved interests?

**Ian Campbell:** We are not directly involved in the negotiations between the European Commission and the US. We work closely with the UK permanent representative to ensure that we feed into it our concerns about TTIP and to get updates on what is coming out of that. We also engage closely with our colleagues in the business directorate in Scotland who are linked with the Department for Business, Innovation and Skills in London, which is the co-ordinator for the UK. We feed back information and ensure that we are up to speed with what the positions are.

**Roderick Campbell:** Are you getting any specific feedback from business in Scotland on that?

**Ian Campbell:** The direct contact with business in Scotland will be done by the officials here, but we are picking up the messages that are coming out about the health service and the investor-state dispute settlement. Everybody is very much aware of those concerns, and we are monitoring what is happening. The next round of negotiations will take place next month, so we will wait and see what comes from that.

**Adam Ingram:** I would like to ask both gentlemen about their relationships with their UK counterparts in their operations. I know that Brussels has a separate set-up, which is different to what we have in Beijing.

I also have some questions for Mr Somers in particular. I am interested in the profile of Scotland in China. Is a distinctive profile of Scotland developing? If so, is that being assisted by your UK colleagues or is there an element of

competition if you are seeking to develop the same market—for example, if you are trying to get students to come to our universities rather than universities in England?

**John Somers:** Perhaps I can explain a little more about my relationship with the embassy. The UK embassy is clear that I do not replace its responsibility to Scotland; rather, I complement it. The difference is that my priorities are fully focused on the priorities of the Scottish ministers and my resources are absolutely directed at the Scottish international framework.

I get very good support from the embassy in a number of areas in relation to its expertise on diplomatic issues or on complex economic or political issues. I work really closely with some of the teams, including the health team. To answer your question, that is where I come in to offer challenge and to say, “If we are looking at the high-value opportunity of promoting health in China, to what extent is Scotland represented?”

I have played quite a significant role over the past two years in making sure that our colleagues in the embassy understand that our health system is different and that we have different qualities. For example, we have the ability to pool research through our Scottish Further and Higher Education Funding Council. We also have the biggest teaching hospital in the European Union. By playing that role, I have helped the health team to direct its focus more towards Scotland.

I do not necessarily see us as being in competition. I think that if I have a win for Scotland, the UK embassy would view that as a win for the UK. If I am being entirely honest, I am probably more pragmatic. I take the bits that are good for me and the bits that are not I develop myself. On the whole, we have a really good, constructive relationship.

When I can, I try to pool resources. If I can find extra resourcing for a cultural exhibition from the British Council, I will use that facility. A few months ago, the GREAT campaign had 40 senior travel journalists from China and I asked whether I could do a presentation. That gave me access to all those travel journalists. I took my own pull-ups and I talked about my own priorities and about what we wanted to do in Scotland. The GREAT campaign had no issue with that, because it saw that as me promoting the whole of the UK.

To answer your question, I am probably more pragmatic in some of the collaborations.

**Adam Ingram:** Okay. How do you measure progress as regards the awareness of Scotland in China and what a good relationship with Scotland can mean for people in China? Is there a way of measuring progress?

**John Somers:** Formally, we measure progress through the targets in our strategy. We are seeing an increase in the value of Scottish exports to China—I think that the figure was £580 million in 2013. There has also been a growth in the number of tourists, with 34,000 tourists from China going to Scotland in 2013, which is 17 per cent of the UK total. That is a good measure of our recognition as a brand. As I said, our social media site has 30,000 followers, which is pretty significant for a country of our size.

I have an anecdote that I think shows that we have developed our presence in China pretty well. The then First Minister, Mr Salmond, came to China in November 2013. The Chinese hold what they call a lianghui, which is an annual meeting of their Parliament. It is a very sensitive period for them and they usually give just one or two weeks' notice that they are about to hold that session. During that occasion, they do not host foreign delegations and they do not invite any foreign delegations into the country. Unfortunately for us, our visit had been fixed for November and we did not have any notice of the lianghui.

When I made a request to the State Council—the Cabinet of China—for a meeting with Mr Salmond, it gave us a meeting with State Councillor Yang Jiechi, who is the most senior foreign affairs state councillor in the whole of China. For me—and I think that the embassy would agree—that is a strong indication that the Chinese Government sees Scotland as a country that it wants to do business with. As I said, it was not normal to be hosted during that sensitive period.

**Adam Ingram:** I would like to ask Mr Campbell a similar question.

**Ian Campbell:** We have a very positive relationship with UKRep. We engage with it on a regular basis across the different policy areas. There are many more staff there than we have, so that means that we sometimes have to cover two or three desks with one person. Our main purpose is ensuring that it knows what the Scottish position is. It is important to recognise that the UK position is agreed in London, not in Brussels, but we want to ensure that whatever position is put forward reflects what we understand to be the Scottish position.

A lot of that work comes down to the personal relationships that have been built up over a period of time, and as the smaller partner we need to do a lot of the running, so we need to make that approach and remind UKRep that we are there. Nine times out of 10, we want to achieve exactly the same thing in the areas in which we work together. On the occasions when we might want to achieve a different result for Scotland, it is a case of ensuring that the UK knows what our position is

and what we are saying. We operate in a no-surprises culture, so that nothing can come back on us, and I find that that works pretty well.

UKRep is pretty open about making sure that we get the information that we need, even in areas in which we do not have competence but can demonstrate that there is a link with what we are trying to do. On TTIP, for example, we have a good relationship with UKRep to ensure that we get the flow of information that we would find it difficult to get elsewhere. A lot of it comes down to the personal relationships that we build up, but we must also demonstrate that we are competent and that we understand our own topics and are able to have a conversation with our counterparts on that basis.

**Adam Ingram:** You may have heard my question to the previous witnesses about international reputation and what we are trying to get across to our friends round the world. What are the distinctive features of the international reputation that you are building, or seeking to build, for Scotland?

**Ian Campbell:** The features are those of a competent Scotland that knows its stuff, is prepared to share and wants to learn. Often, people engage with the Commission to try to get something out of it. We have been able to demonstrate that we are there as a partner and that we want to be a partner, and that where we have something to offer we want to share it. We also want to learn, and if there are opportunities for us to gain something back, we want to take them. That is the message that we are trying to give at an EU level, and it comes across quite strongly.

Since I went there I have seen a shift. When I first went out to Brussels, if you said that you worked for Scotland, people would answer, "Oh, you must be interested in fish." Fish seemed to be the only game in town, but that is no longer the case. Now we are talking about energy and innovation and what our academic cohort can deliver. We are trying to get across a message about modern Scotland. In the Brussels arena and through the connections that we have with member states in the Parliament, we can see that that message is getting through and that people recognise it now.

**Willie Coffey:** To continue that theme, Scotland has strengths in many areas that have been mentioned, such as renewable energy, fishing and food and drink, including whisky. Would you say that they are of equal interest in the European Union and in China? Is there a similar interest in developing our strengths in China and in the EU? Looking a little further ahead, where do you think the greatest potential for Scotland lies? Is it in developing the tourism market with China? Should

we have direct flights to Scotland from China, or could there be progress on the digital economy in relation to China?

Where do our strengths lie and are they of equal interest in the two jurisdictions that you work in? Where are the greatest opportunities for us to develop our business?

**Ian Campbell:** John Somers may want to go first and say what is happening in China.

10:45

**John Somers:** There is a strong match between the strengths that we have in Scotland and what China is looking for. For example, China's 12th five-year plan, which takes it from 2011 to 2016, identifies seven priorities, many of which we have key strengths in.

That includes new energy, energy conservation, biotechnologies, new materials, new information technologies, high-end equipment manufacturing and clean energy vehicles. The Chinese are also interested in looking at wellbeing. Indeed, by 2020, the target is to roll out universal healthcare for 95 per cent of the population. There is an innovation target to ensure that China has 3.3 patents per 10,000 people. They also want to increase the enrolment in education from 82.5 to 87 per cent. We can offer a lot in all those areas.

We have been using a model that has been working well. We have been working with the Scottish Further and Higher Education Funding Council and the Royal Society of Edinburgh to bring out our innovation centres to speak to the Chinese Academy of Sciences, which is China's biggest think tank and which probably has the largest funding pool of any academy in China, to see what opportunities we have in areas such as stratified medicine, biomass and sensor imaging. A meeting was held in November last year, and there will be a reciprocal delegation to Edinburgh to see where we can collaborate in research and, following that, how we can develop that into policy and commercialisation.

**Ian Campbell:** From an EU perspective, it is important to recognise that China's engagement in Brussels is with the EU rather than individual member states. It has the biggest presence of any diplomatic mission—I think that there are more than 600 accredited diplomats in the Chinese embassy. Therefore, the issue for us is about ensuring that the Commission knows what we have to offer. There is almost a triangulation among China, Scotland and Brussels. Our office's role is to ensure that, particularly in the marine energy side, the Commission sees where Scotland is leading. When the EU is having discussions with China, America or whichever country it may be, the more that we can get across that message so

that the Commission recognises the role that Scotland can play, the better. However, we have no direct connections with the Chinese in Brussels.

**Willie Coffey:** Mr Somers, did you say that we have direct flights from China or are we working towards bringing Chinese visitors directly to Scotland? You mentioned some impressive visitor numbers.

**John Somers:** Yes, absolutely. VisitScotland, the Scottish Government, SDI and Scottish Enterprise have been working for the past two years, along with my office, to negotiate a direct air route with Scottish airports and airports and airport authorities in China. We are further on than we were, but it is a long process.

The team Scotland approach has worked well in securing direct routes for the middle east. We are working with one of the largest travel agencies in China to promote Scotland as a tourism and commerce destination. Negotiations are on-going. I am afraid that those are commercially sensitive, so I cannot give much more of an update. When I fly back in a couple of months' time, I do not think that that will be via a direct route to Scotland, unfortunately, but progress has been made, certainly over the past 12 months.

**The Convener:** As we have exhausted our questions for our witnesses, I thank Ian Campbell for coming to the committee. I offer my warm thanks and possibly a breath of fresh air to John Somers for joining us from Beijing. We wish you both well in all the work that you do. Thank you so much for what you have offered the committee.

## “Brussels Bulletin”

10:48

**The Convener:** Agenda item 3 is the “Brussels Bulletin”. I know that in the past few meetings we have skated through the bulletin, because we have been squeezed for time, but this morning we have a bit of time in hand if members want to do a deeper analysis. I see that Jamie McGrigor is ready to get in there immediately.

**Jamie McGrigor:** There seems to be an awful lot on energy and stuff, but the information on bee health is significant, with a problem with bees being reported in Italy. Anything that affects pollination is significant, because the process is vital to agriculture all over Europe.

**The Convener:** Indeed. Of course, we have our own beehives in the Parliament now.

**Jamie McGrigor:** Do we?

**The Convener:** Yes.

**Jamie McGrigor:** Who eats the honey?

**Roderick Campbell:** I do not think that we have got as far as producing honey, Jamie. One thing at a time.

**The Convener:** It is an experimental thing that is going on right now. However, your point is absolutely right.

**Jamie McGrigor:** I was glad to see that information. I do not see anything else in the bulletin to comment on, but I would like to say that the bulletin’s other format was much better. It was like a bulletin, whereas what we are looking at today is not—it is just a load of facts.

**Roderick Campbell:** I have a comment rather than a question. It is a bit disappointing to see in the renewables section that, among all the member states that have had some success in meeting the 2020 target that was set by the EU, the United Kingdom seems to be further away from doing that than any other member state. Obviously, that is in marked contrast to what is happening here in Scotland.

**Willie Coffey:** I want to raise the digital agenda again. As members will be aware, the European Union has delayed its abolition of roaming charges. I would like us to find out why that decision was taken and who was consulted on it, because it seems to me to be completely at odds with the Commission’s strategy for the single digital market. It is a disappointment that the move could be delayed for a further three years. Can we find out a little bit more about how the decision was reached and who agreed it?

**The Convener:** We can do that. Are members happy to make the bulletin available to other committees?

**Members indicated agreement.**

**Jamie McGrigor:** I have just one more point, convener. The last sentence of the section on investment says, with regard to the European fund for strategic investments:

“The EFSI can only become operational once the Parliament and the Member States have adopted a common position.”

I wonder when that will happen. If the EFSI is so important to bringing forth growth in Europe, it is vital that it gets going but, as far as I can tell, that will not happen until a common position is adopted. How long is that going to take?

**The Convener:** One of the challenges for the Juncker investment plan is the proposed cuts to horizon 2020 or the reallocation of that money to the investment plan. The impact that that would have on Scottish universities is worrying.

**Jamie McGrigor:** It is €16 billion. That is a lot of money.

**The Convener:** Do you want more information on that?

**Jamie McGrigor:** I would quite like to know how long it is likely to take for the Parliament and the member states to adopt a common position and what is involved in that.

**The Convener:** We can find that out and ask about a timetable.

## Draft Budget 2015-16

10:53

**The Convener:** Agenda item 4 is consideration of the Scottish Government’s response to our report on the draft budget. Members have in front of them that response, which helpfully goes into things in some detail. Do we agree to note it?

**Members indicated agreement.**

**The Convener:** We move to agenda item 5, which, as agreed, we will take in private.

10:54

*Meeting continued in private until 11:09.*

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e-format first available  
ISBN 978-1-78568-273-5

Revised e-format available  
ISBN 978-1-78568-289-6