



OFFICIAL REPORT
AITHISG OIFIGEIL

Constitution, Europe, External Affairs and Culture Committee

Thursday 15 June 2023

Session 6



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Thursday 15 June 2023

CONTENTS

	Col.
DECISION ON TAKING BUSINESS IN PRIVATE	1
NATIONAL OUTCOMES	2

CONSTITUTION, EUROPE, EXTERNAL AFFAIRS AND CULTURE COMMITTEE
20th Meeting 2023, Session 6

CONVENER

*Clare Adamson (Motherwell and Wishaw) (SNP)

DEPUTY CONVENER

*Donald Cameron (Highlands and Islands) (Con)

COMMITTEE MEMBERS

*Alasdair Allan (Na h-Eileanan an Iar) (SNP)

*Neil Bibby (West Scotland) (Lab)

Maurice Golden (North East Scotland) (Con)

*Ben Macpherson (Edinburgh Northern and Leith) (SNP)

*Mark Ruskell (Mid Scotland and Fife) (Green)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Vicki Miller (VisitScotland)

Anthony Salamone (European Merchants)

Seona Shand (Scottish Chambers of Commerce)

Gareth Williams (Scottish Council for Development and Industry)

CLERK TO THE COMMITTEE

James Johnston

LOCATION

The Robert Burns Room (CR1)

Scottish Parliament

Constitution, Europe, External Affairs and Culture Committee

Thursday 15 June 2023

[The Convener opened the meeting at 09:01]

Decision on Taking Business in Private

The Convener (Clare Adamson): Good morning, and a warm welcome to the 20th meeting in 2023 of the Constitution, Europe, External Affairs and Culture Committee.

We have received apologies from Maurice Golden MSP. Our colleague Mark Ruskell joins us remotely.

Our first agenda item is a decision on taking business in private. Are members content to take agenda item 3 in private?

Members indicated agreement.

National Outcomes

09:01

The Convener: Agenda item 2 is an evidence session as part of the committee's continuing inquiry into the Scottish Government's national outcomes and indicators relating to international policy.

We are delighted to be joined this morning by Seona Shand, international trade director, Scottish Chambers of Commerce; Vicki Miller, director of marketing and digital, VisitScotland; Gareth Williams, head of policy, Scottish Council for Development and Industry; and Anthony Salamone, managing director, European Merchants. A warm welcome to you all.

I will open with an introductory question, which I have based on Ms Shand's written evidence to the committee; thank you to those who made written submissions. The SCC's submission said:

"Scotland punches above its weight on the global stage ... However, as our competitors step up their game and the uncertain world of migration, business and investment and travel evolves, we need to shift up a gear."

I am interested in the gear shift, and in finding out whether everyone shares the opinion that those are the main challenges in the work that the Scottish Government is doing.

Seona Shand (Scottish Chambers of Commerce): First, thank you very much for the opportunity to be here; it is a very important inquiry, for us and for Scottish businesses.

Moving up a gear is very important. We know that because we get feedback directly from the businesses that we support. Through our 30 local chambers of commerce, we directly support about 13,000 businesses, but there are about 350,000 businesses in Scotland. The feedback that we get from them is about the challenges that they face with trade, such as red tape and other barriers. Particularly during the past few years, we have had the dreaded Covid pandemic and we left the European Union, which have caused a lack of stability for businesses that are considering going global.

Our members are very concerned about stability. They want to understand what the future holds and where the markets are. At the moment, we align with the needs of most of the 15 top markets in the Scottish Government paper "Scotland: a trading nation". We particularly align with those markets and with the sectors that are most prevalent, but there is good research out there that shows that there are some up-and-coming markets, which means that we need to get ahead of the game.

A recent Oxford Economics paper spoke about emerging middle classes and some of the opportunities there. Although it is right and reasonable that the likes of Scottish Development International concentrate on the top 1,200 companies in the top 15 markets and on the top sectors, we do not want to be left behind; we in the business community really need not to be left behind. Particularly with the move to net zero, there will be supply chain challenges, as well.

We feel that, as a business organisation, we can help the Scottish Government to get ahead of the game. We can help now to pave the way to some of the markets that will be prevalent and of importance to Scottish businesses by 2030. Rather than try to exhaust the current markets, let us help you get ahead.

The Convener: Does anyone else want to talk about the challenges?

Vicki Miller (VisitScotland): I agree. As we have emerged from Covid, the travel landscape has been extremely competitive, and many other nations have been investing significantly in the promotion of their destination to attract people who are travelling. Bearing in mind the pressures on individual household budgets, we want to get to the people who can afford to travel.

From an economic perspective, international visitors are, although smaller in number, hugely important in value; they contribute more than 43 per cent of the £11 billion that the tourism economy is worth. Spend per international visitor is four times greater than spend per domestic visitor, so attracting international visitors to Scotland is extremely important for a sustainable recovery. We just need to be mindful that we are competing in a very competitive landscape with countries such as Ireland that are investing significantly to raise their profile and attract their share of the market. Ireland is a key competitor.

On the cost of doing business pressures that are on the industry, our role is to find ways in which we can help businesses to trade internationally. For example, we help them to connect internationally with tour operators and travel agents as a cost-effective way to internationalise their business and reach new audiences and markets. We look for affordable ways for businesses to do that so that they can capitalise on opportunities.

Gareth Williams (Scottish Council for Development and Industry): I apologise to the committee that I was unable to send a written submission to you.

I agree that we need to step up a gear. Through our international business committee, we hear about increasing competition. There is the US Inflation Reduction Act of 2022 and the EU

response through the EU green deal. There is no doubt that those are proving attractive to businesses, and there is a risk that we will find that the very large markets in which there are major opportunities will pull in an increasing share of investment, skills and assets.

In addition to that aspect of competition, there is competition for talent. In a digital world, we increasingly hear about people being able to locate themselves anywhere and work anywhere, which makes it even more challenging to attract people to Scotland. We need more entrepreneurs, more managers to grow our businesses and more people with the skills that our industries require to grow.

We have had the UK's departure from the EU, and there have been significant changes in the trading environment for many businesses. New frictions have been created. We welcome the Windsor agreement, which has certainly helped, as we heard when we were recently in Brussels. However, there are still plenty of challenges there.

I agree with Seona Shand's point about new markets and looking further ahead. There will always be a balance to be struck between the priorities that we have now and our largest markets currently, and the opportunities that will be created in sub-Saharan Africa and so on as their populations, cities and industries continue to grow.

There are also the climate and inclusivity issues, which are causing concerns around the impact on trade. There is certainly a need to address those issues.

Anthony Salamone (European Merchants): Good morning. There are, I think, three core points that I would like to offer from my perspective as more of an academic/think tanker sitting beside my industry colleagues.

First, we need to think about trade in the wider context of what is going on in external affairs or foreign policy, because there are other dimensions that are becoming more salient. With regard to, say, national security and trade, we can look at other countries in Europe and the rest of the world that are re-evaluating with whom they want to trade, not solely on the basis of economic considerations but on strategic and geopolitical considerations. Obviously, Scotland is not responsible for the United Kingdom's foreign policy, but nevertheless when we think about how Scotland trades with the rest of the world, it is worth keeping those other factors in mind, even though it might be challenging for business to adapt to new ways of working.

We could look, for instance, at Germany. I know that it is, of course, not the same size as Scotland; however, it has significant trade with China, and it

has just published a new national security strategy and is weighing the implications of being so intertwined with a country such as China, given the geopolitical context.

A second and related issue is the role of values in trade. I have already mentioned national security—and I am sure that that is part of this, too—but what does it mean for Scotland to have a values-based external affairs or trade policy? It is not a matter of discounting the economic consequences—after all, we still want trade investment, high-quality jobs and so forth in Scotland—but the question is: how do we put that sort of thing into practice? Should our economic or financial decisions prioritise or balance certain conditions as opposed to others?

For instance, is it worth Scotland as a country trading more with fellow democracies rather than with authoritarian regimes? Again, that might not necessarily be the way in which we have viewed trade and commerce in the past, but is it the way in which we want to put values into practice now? We might say on the one hand that we have a values-based approach to engaging with the world while, on the other, we are still trading with anyone and everyone. I am not saying that I have an answer to that question, but the question should still be posed.

My third and final point is that we cannot divorce the issue of how Scotland trades with the world from the multilevel aspects. Ireland has been mentioned; sure—it is a sovereign state, and Scotland is not, so the extent to which actors at the UK and Scottish Government level can work productively together is quite important to Scotland's trading and investment environment.

The Convener: Thank you very much. I now open up the meeting to questions from colleagues, and I invite Mr Bibby to go first.

Neil Bibby (West Scotland) (Lab): Good morning, panel. I very much agree with the point about Scotland going up a gear in order to remain competitive. The Scottish Government has said that it wants Scotland to be better connected, and I think that that view is shared across the Parliament, but we have also heard about difficulties with measuring outcomes as well as concerns about a lack of indicators.

Do you think that we are getting the basics right with regard to which aspects of our international work we are monitoring and measuring? I am thinking, for example, of the number of visitors coming to Scotland. I was struck by Ms Miller's point about the spend of international visitors being four times that of domestic visitors, and I was really encouraged by the tourism minister Richard Lochhead's recent remark that visitor numbers have almost come back to pre-Covid

pandemic levels. However, if we want to be better connected, if we want more people to come here and if we want this to remain an attractive place to come to, should we not have specific targets and outcomes for the number of visitors?

Vicki Miller: Our measurement framework focuses on what we call the four Ss. The issue is actually less about the number of visitors and more about the value per trip, and it is about addressing issues in the visitor economy such as seasonality.

As for the four Ss, they are, first, spread of visitors across Scotland to ensure that we get the right balance of visitors in every part of Scotland. Seasonal issues will come into that, too.

The second is spend, by which I mean a focus on spend per visitor. That is all about getting to the right visitors who will come to Scotland and, indeed, travel sustainably around it. That means that we have to not only think about how they might travel and the footprint that they leave, but ensure that they are the kind of visitors who will spend money in local economies. Again, it is about the focus on quality and on visitors' spending power once they are here.

The third S is sustainability, which is all about how we work collaboratively across Scotland to reduce the travel footprint. Because we are an island, people are going to fly in, but the question is how we ensure more sustainable travel around Scotland and how we as an industry work collaboratively to reach net zero. Finally, there is the satisfaction element, which involves quality measures with regard to visitors' actual end-to-end experience.

Those are the four areas for which we have created a bit of a measurement framework. As I have said, it is less about the volume and more about value and equity across the country, and we therefore have to be very focused with regard to the audiences and markets that we are targeting and the people whom we are trying to attract into the country.

09:15

Neil Bibby: Does any of the other witnesses have any thoughts on that?

Seona Shand: I totally agree. From an inward investment perspective, the business community is really important. When we bring delegations to Scotland from across the globe, they are here to look at investment opportunities, but we also want them to become visitors and to bring family and friends in the future.

I agree with the points about the measurement principles: it is the quality-versus-quantity conversation that we consistently have. If we are

bringing delegates across, we might want to spend three or four days with them, business to business, but we always encourage our delegation to have an element of downtime and not to remain in one city in Scotland but to view Scotland as a whole. It is very much about working with other organisations in a team Scotland approach, and talking up other sectors, too.

Tourism as a whole is quite difficult, because it includes distilleries, transport and other sectors. Therefore, we need to continue to engage with the tourism sector to ensure that Scotland is seen globally as a place to visit and to invest, do business and study in.

Gareth Williams: Do you want a comment on indicators more generally, Mr Bibby, or are you specifically interested in tourism?

Neil Bibby: We are mainly looking at getting the basics right. The example that I thought of was the number of tourists.

Gareth Williams: We welcomed the creation of the national performance framework. Our members have always found that a bit hard to engage with and monitor, and it contains a lot of indicators. We have had the conversation with the Scottish Government about the refresh, and we welcome the fact that it reached out to us on that. However, it struck me that it wanted to talk about the outcome and indicators that relate specifically to businesses. Obviously, we are an organisation with a wide membership, but even businesses or business organisations contribute to and have a strong interest in a range of outcomes and indicators. Sometimes, there is a risk of pigeonholing in some of those conversations rather than joining things up.

Previously, we suggested that it would be worth looking at whether the indicators could be reframed so that they were measured in a distance-to-frontier way. I will take the example of the country or countries that are making the most progress on a specific area. How do we measure up to them on a scale of, say, 1 to 100? It is difficult, when you look across them, to track the progress that Scotland has been making. The international indicators seem to be quite diverse and in need of some focus. For example, on population, the indicator is overall population, whereas more priority should be given to the working-age population at this time, particularly given the projections on the increasing dependency ratios and so on.

Lastly, I want to reinforce what has been said about the importance of tourism in relation to Scotland's soft power and the wider image and success of Scotland on the international stage.

Anthony Salamone: I can complete the circuit. For me, there are two aspects of that issue. I

suppose that it is not really surprising, given my previous evidence to the committee for its international affairs inquiry, that I would say that it is crucial that the Scottish Government, in framing its own activities, has strategic principles and objectives but also targets. However, there is a difference between the existing kinds of targets, which my colleagues have spoken about, on specific outcomes in relation to trade, investment, tourism and so on and the targets or objectives that frame the work of the Scottish Government as an entity in its engagement with other Governments, for instance. There is a question about whether those are worth whatever they are trying to achieve. I am not always clear about what the objectives are, so I could not evaluate whether an outcome is being achieved or otherwise, and it is important to be able to do that.

There are three elements to that. If the Scottish Government has a more strategic perspective overall, there are three benefits. One is that it can prioritise where it will deploy its limited resources, and there will always be a limit on resources. Secondly, it can ensure that its work is delivered appropriately, and thirdly it will allow for the kind of measurability that we were speaking about.

On the national outcome, I know that it is just a headline, but it says:

"We are open, connected and make a positive contribution internationally."

That is the headline international outcome. To me, that is quite vague. I know that there are some data behind specific measures of what the Scottish Government is looking for and whether they are being achieved, but I hope that the review is an opportunity to try and focalise that a bit more. Being open is absolutely wonderful, but what does that mean in practice? If we link it to other aspects of the Scottish Government's approach to external affairs, we can see that there is a big emphasis on being what is called a good global citizen. Again, that sounds very admirable, but I cannot tell you exactly what it means in practice, and it is important to have that kind of detail at this stage.

Neil Bibby: Thank you for those answers. I agree that that comes across as being a bit vague.

On being better connected, we have talked about the importance of attracting international visitors and I hear what the panel said about value not volume. However, there is also an issue to do with being connected and how people get here. I know that the evidence has mentioned route development and not just for tourism but for investment and trade. I am not saying that everything is bad in that regard. There have been some positive developments recently, such as a new flight from Edinburgh to the US. However, on getting the basics of being connected right, do you

agree that more direct flights between Scotland and the rest of the world would be beneficial for tourism, trade and investment? That should be an indicator of the international work national outcomes that we are looking at.

Vicki Miller: Absolutely. I completely agree with that and we have seen strong evidence of it. When we got the direct Hainan Airlines flight from China before Covid, we saw immediate benefits in the increase in visitor numbers. China went from being lower than 10th position in terms of value and volume of visitors to being in the top five, so we saw the direct impact of that increased connectivity.

Seona Shand: Another good example is the fact that there are no direct flights from Scotland to India, although India is the greatest consumer of Scotch whisky. If we are looking for investors, we are not making it easy for them to come here.

Gareth Williams: Some form of indicator would be helpful. We want to prioritise the most economically significant markets rather than using the measure of all flights to international destinations. We have to be mindful of the impact on the climate of that.

We are still waiting for Transport Scotland's aviation strategy and we would want to make sure that an indicator is linked to the outcomes that it will seek. We are also still waiting for the strategic transport projects review 2 delivery plan, which seems to have been pushed back and had a little bit less emphasis than the previous STPR did on connectivity in Scotland with our international gateways.

We would also want to think about shipping and freight connectivity and look at indicators around that.

Anthony Salamone: The questions about flights and connectivity for Scotland links to the geographical challenges that any country, state or sub-state needs to deal with. We do not really think about the UK or Scotland being on the periphery of Europe but, by some measures, that is true and we could look to see how other countries cope with that and whether we can learn anything from that. Ireland and Iceland are probably two examples of countries that are further out on the periphery of Europe and they have, by different measures, been able to turn themselves into places where aviation is a core part both of how they connect with others and of how they connect other countries.

As for the feasibility of such flights, I have to say that that is not my area of expertise—I am just speaking from a foreign policy perspective about the proposal for flights between Scotland and India. The question is who would even be interested in providing such a service. A question

for us to grapple with is where we sit, geographically speaking, in Europe and the world, and how we get around any associated challenges, as other countries have done.

Neil Bibby: Thank you for all those answers. My last question is specifically for VisitScotland. We have been talking about the limited resources from Government and the need to be competitive with other countries, specifically Ireland, but on the outcome of bringing in more international high-value visitors, how do you balance what you spend on advertising and marketing Scotland domestically in Scotland and across the rest of the UK—which I know was a particular issue during and post the pandemic—and what you spend on international marketing and advertising?

Vicki Miller: During the pandemic, our resources were focused on two things. We focused, first, on the domestic market, given where people were able to travel to, but the fact is that a global crisis is never the time for a country to go quiet. You have to maintain brand awareness and recognition, so we continued to keep Scotland at the front of people's minds for when they could travel. That was really important in supporting the early recovery that we saw in some of the international figures from 2022.

We have now pivoted the majority of our resources—that is, our media budgets—to international markets, because of the scale of opportunity, the pent-up demand for travel and the fact that we want to compete with other destinations for our share of high-value visitors. We are very fortunate in having built a very strong digital presence for Scotland, and we have worked with the industry to support businesses in being discoverable in the right channels, including our own channels such as VisitScotland.com and our social media presence, which give us a huge reach.

As for what I call our owned and earned activity—for example, our public relations activity—our PR team is focusing on different markets and has very strong relationships with the media in them. We also have a very proactive communications plan through which we are constantly feeding stories about Scotland; indeed, we are doing that on behalf of team Scotland, too. In other words, although we very much have a visit focus, we are also focusing in a wider sense on Scotland as a country and a destination where people can live, visit and work.

Significant resources are going into international markets, because of the opportunity there, while the significant reach that we have through our own channels helps with the footprint and awareness domestically. Greater awareness at home clearly makes our job a little easier.

Neil Bibby: Thank you very much.

The Convener: I have a brief supplementary before we move on. How does Scotland's reputation, which is a measurable indicator, relate to, say, the perception of Scotland's cultural offering, and how do all these things link in with what happens?

Ms Miller, do you want to go first on that?

Vicki Miller: The "Anholt-Ipsos Nation Brands Index" is the one study that gives us an indication of Scotland's global reputation and allows us to measure it against 60 other countries across a number of indicators. We know that our tourism and cultural heritage product is one of our stronger indicators with regard to what we are recognised for, and the work and investment that has gone into, for example, the "Scotland The Perfect Stage" national events strategy and the work to help events in Scotland reach international markets have been hugely important in building that cultural proposition. Obviously there is also the storytelling that we do as brand Scotland, promoting Scotland as a place to live, visit, work and study, and then there is VisitScotland's own content and storytelling.

All that rich multimedia and written content helps to build the reputation of Scotland, and not only as a place to visit; it also shows what it would be like to live and work in Scotland, because it shows the fantastic experiences that you can enjoy in Scotland, the quality of the landscape and the environment and all those things. It serves many purposes.

09:30

The Convener: The cabinet secretary has been talking recently about GlobalScots and the importance of networks. There is no performance indicator for international networks. Can you give us a feeling of where we stand in that area? Could a measurement as to the effect of those networks be applied?

Vicki Miller: That is an interesting one. I guess that our ask of global and diaspora Scots is to do some of that storytelling and also to help us connect businesses in Scotland with market opportunities. It is definitely an area where we could sharpen our indicators so that it is not necessarily only about how engaged they are. It could also be about outcome-focused measures, rather than simply that engagement metric, which I think is where we are just now.

Anthony Salamone: I agree with the points that were just made in the sense that, if we are asking our diaspora or our networks to do something for us or to be a vehicle for us, although we can measure that, it is more important to measure the

outcomes against whatever our objectives were in the first place. If they are the intermediary for whatever objective the Scottish Government or Scotland as a whole has, it is about whatever the outcome is.

From my perspective at least, when it comes to culture and reputation, it is not about promoting culture or even things such as tourism on their own. Although both those things are important, it is also about leveraging culture and reputation and using them as a catalyst for other aspects of how Scotland relates to the rest of the world. It is about asking what our other policy goals are when it comes to external affairs or even other aspects. It is about things that reflect both our interests and our values. For example, that could be trade and investment that aligns with our interests but also with values that are important to us in terms of democracy, the rule of law and human rights. We can use and leverage our reputation to advance all those elements and ensure that they are aligned. What we say about our values, interests and policies can be buttressed by the extraordinarily fortunate and good reputation that we have in the world, which is an advantage to us. We capture some of that value, but I am sure that we could capture more of it, because there is a lot of value to draw on.

Gareth Williams: The figures around reputation are broadly in line with the feedback that we get from our members who are located internationally. I would add education, alongside culture, as fundamental to that very strong reputation, which we could capitalise on more. Small countries can develop a prominent role internationally in areas such as arbitration and dispute resolution. It is about asking whether we could do more there, or in other areas.

We would also welcome metrics that are a bit more outcome focused in relation to networks. I am aware that the GlobalScot network has been expanded in recent times, but we have had mixed feedback from members operating internationally as to whether they have a connection with a GlobalScot or know how to go about establishing one. As it expands further, there is a need to, as Vicki Miller said, sharpen indicators.

Seona Shand: Reputation is an interesting one. It is quite difficult to measure and a lot of it is anecdotal. However, there is some clear evidence. For example, the recent EY attractiveness survey showed that, outside of London, Scotland is the most attractive place to invest, and that 16 per cent of the top global investors would look to Scotland as one of their top markets. Reputationally, there is therefore some evidence out there. As I said, however, the difficulty is going from anecdotal evidence towards outcomes.

We also have to be careful that we do not rely on the reputation of a typical Scottish brand—that is, St Andrew's day and Burns suppers. We have to be careful to show that Scotland has a lot more to offer. Think of the innovations that have come from Scotland. The daily disposable contact lens was invented here, as was the ATM. The Scottish Government is investing heavily in the space sector. There are some real opportunities, so we have to be very careful to strike the delicate balance between what is and has been great for Scotland and what Scotland will look like in the next 10, 20 or 50 years.

We work closely with a number of the GlobalScots, but we need to be careful that we do not create a crowded market. We have GlobalScots, will potentially have a network for Scotland's diaspora, have export champions and have international trade ambassadors. That is quite a quagmire for businesses, which need to understand who they go to, how they go to them, what they can do for them and what the purpose is.

If you opened that up to the entire Scottish diaspora, which would be incredible, you would be reaching out to millions of people. In the early stage of that, it would be very difficult to consider what the outcomes might be. For me, the question is what the purpose is in the first place and how we avoid duplication of all those initiatives, which are a sort of variation on a theme.

The Convener: We have talked about many of the successes—the whisky industry was mentioned earlier—but do small and medium-sized enterprises have a different challenge from the more established businesses?

Seona Shand: Yes, very much so. For small and medium-sized businesses, the question is where to put a pin in the first place. Where do they start their journey?

I will give you a really good example: the Ochil Fudge Pantry. You might have heard of it. It started in Alloa in the founders' own kitchen and now trades globally. Ironically, that is partly because of the Covid pandemic, which forced the company to consider e-commerce. Now, it has 25 varieties of fudge and trades all over the world, which is superb. However, their question was how and where to start.

If a small or medium-sized business wants to open a restaurant in America, that is a really vague goal. How does it get the market research? Who do they know on the ground? Who can they rely on? That is where some of the diaspora and the GlobalScot network can come into their own, but it needs to happen even before that point for small businesses, which do not know what they do not know. Therefore, we need to provide training

on Incoterms and commodity codes. We need to provide pragmatic support on certificates of origin and ATA carnets and get them to understand the language.

Anything that Governments can do to help to reduce red tape, break down some of the barriers for small and medium-size businesses and reduce man hours and resources will be hugely helpful.

Anthony Salamone: I come back on the point about St Andrew's day because it links to what I said about using culture as a catalyst. I can understand the reluctance to be pigeonholed in the view of Scotland as being about St Andrew's day, bagpipes and tartan. However, my point is that we use that as a catalyst, as other countries do.

We should hold St Andrew's day celebrations but use them as an opportunity to bring business people together to promote the space sector, for instance, as Ireland does extremely effectively with St Patrick's day and, more recently, St Bridget's day. As I imagine you are aware, on St Patrick's day, almost every Government minister in Ireland is not in Ireland because they go all over the world to attend various St Patrick's day celebrations and use them to promote the country. It is not just about promoting trade and investment, although they do that; they also use it as an opportunity to promote what they see as Irish and European values.

Those are vehicles or tools to take the cultural aspect and use it in a way that is productive not only financially—although of course financially—but in other aspects. I suggest that we should do more of that.

Vicki Miller: I would summarise our collective brand Scotland strategy as reinforce and challenge. "Reinforce" is reinforcing what people know that is iconic and world class about Scotland. "Challenge" is challenging the perceptions of what people do not know and is about the innovative, progressive and inclusive aspects of that brand story.

Across all the work that we do with the Scottish Government, international colleagues, SDI, Creative Scotland and Universities Scotland, we and those partners are all working to that brand Scotland strategy and the principle of reinforcing and challenging so that we tell the whole story and position the Scotland that we are today.

The Convener: Mr Macpherson wants to ask a supplementary.

Ben Macpherson (Edinburgh Northern and Leith) (SNP): Thanks, convener. Ms Shand, you have talked twice about red tape. Are there any particular regulations that you want to emphasise, and are they devolved or reserved regulations? I

want to get a better understanding of what you find prohibitive.

Seona Shand: It is not so much what we find prohibitive, but what businesses find prohibitive.

Ben Macpherson: I beg your pardon.

Seona Shand: The global political landscape changes quite frequently and that causes challenges. When we left the European Union, we knew that there would be changes and companies lined up for those. However, they were then delayed, so things changed again; then the changes were going to happen again, then there were more changes and then the Windsor framework came into place.

Some of the difficulty with red tape is that the line constantly moves for small businesses—and large businesses.

Ben Macpherson: Are you referring mostly to reserved regulations, such as those related to the exit from the European Union?

Seona Shand: I am referring to that, but also to influence. For example, although the UK-Australia and UK-New Zealand free trade agreements that came into place recently came from a UK-based power, there should be an opportunity for businesses in Scotland to participate in and influence the outcome of such agreements; it is really important that they do.

Ben Macpherson: That is a really important point. Obviously, chambers of commerce operate throughout the UK—indeed, I have spoken with some of your colleagues from elsewhere in the UK at events past. Do you feel that the voice of Scottish business and the opportunities and concerns that you talked about are heard—through the chambers network, through your organisation or directly to a Whitehall department—in those corridors and environments?

Seona Shand: It is not heard as much as we would like it to be. Like in my school report, “could do better” tends to be the outcome for businesses. One of the challenges is that, if a business creates a product and tries to take it internationally but has never done so before, it will understand the challenges only at that point. It is therefore very difficult. There are opportunities for Scottish businesses to get involved, but I do not think that they understand the true impact that they can have.

Ben Macpherson: Do you think that the Scotland Office or other UK Government departments would relay your concerns or points of recommendation? Could there be a better process to ensure that the voice of Scottish business is heard?

Seona Shand: There could be more engagement. Initiatives such as this committee meeting, in which there are organisations that represent businesses as a whole, are very helpful. The more opportunities, the better.

We recently participated in a Scottish Affairs Committee meeting about whether the UK Government can do more to promote Scotland, and the answer was unequivocally, “Yes—of course it can.” Ministers from Scotland go on international trade visits, and ministers from the UK have international trade missions.

Ben Macpherson: On that, do you see value in Scottish ministers undertaking overseas visits?

Seona Shand: Yes. That comes back to reputation. It is important that they are seen. I attended the Dubai expo with Ivan McKee, the then minister for Business, Trade, Tourism and Enterprise, and it was invaluable that he was there.

Looking to future expos, such as the United Nations climate change conference of the parties—COP—I note that Government-to-Government relationships are really important, but it is businesses that trade, export goods and services and look for inward investment. It is therefore imperative that the Scottish and UK Governments engage with business. The more open the doors are and the more that they listen, they will understand a bit more about the red tape and some of the barriers that businesses face.

It is different globally; red tape is found all over the world, which is very challenging.

Ben Macpherson: Thanks for all that. I have one final question. All of that considered, do you think that, rather than the UK Government questioning the Scottish Government’s international engagement, it would be better if both Governments saw the value of international engagement and worked collaboratively in the common interest of Scotland, which includes Scottish business?

Seona Shand: Speaking for an apolitical organisation, I would say yes—absolutely. There is duplication of effort, and it is a very crowded marketplace. I mentioned earlier that we are export champions in one area and international trade ambassadors in another, through GlobalScots. That is the quagmire for businesses. They need simplification and stability. The UK Government should be promoting Scotland—as well as the other nations, I hasten to add. Scotland does things that are very unique, and we need to be able to forge ahead independently.

09:45

Ben Macpherson: Having our own voice in the room is a welcome addition instead of a complex duplication.

Seona Shand: Yes. It is not an and/or matter.

Alasdair Allan (Na h-Eileanan an Iar) (SNP): Not that I will ask witnesses to comment on it, but Ben Macpherson struck up an interesting conversation there. In the Scottish Parliament, we are regularly told that, politically, it is not a good thing for Scottish ministers to engage with other countries about Scotland's business, so it is good to have that issue drawn out so effectively by Mr Macpherson.

Witnesses mentioned overcoming peripherality—obviously, we are more peripheral now that we are not in the EU—and also Ireland and Iceland, which both have an obvious diplomatic and political advantage in those matters. In relation to Scotland's international approach, what can we learn from comparator countries' models in order to achieve the objectives that we are considering? You mentioned those countries, Mr Salamone. Do you want to come in on that point?

Anthony Salamone: There is a lot to say, is there not? On the previous point, I hope that we can have a consensus that it is right for Scottish institutions—not just the Scottish Government but the Scottish Parliament—to engage with colleagues internationally. However, co-operation would require both Administrations to meet somewhere in the middle; why not have joint trade missions with Scottish Government ministers and UK Government ministers promoting Scotland together? That sounds like a great idea to me.

On the point about looking at other countries, we would want to look at smaller European states and European substates because we can learn from them both. The committee has looked at the issue previously. Sure, Ireland makes sense; sure, there is Iceland; and there are regions such as German states and Flanders. It can be a bit of a challenge, sometimes, particularly with Flanders and Wallonia, which have such a high degree of autonomy that they are not so comparable to Scotland.

In 60 seconds or so—what can we learn from those countries? They perhaps have a clearer sense of their core strengths, be it in economic or soft power terms, and of which ones they want to focus on and prioritise; they then take those strengths and build themselves a profile in the world that allows them access to the kinds of vehicles that promote their interests and values. For example, Ireland, over a long period of time, built the capacity to win a seat on the United Nations Security Council and used that as a

platform for the country. Again, that is not directly comparable to Scotland because Scotland is not a state, but it demonstrates that, if one wants to achieve a longer-term objective, one needs to be willing to have a longer-term horizon. Ireland was waiting 15 years to win a UN Security Council seat, which means that it would have needed a high degree of cross-party agreement on the country's objectives and on how it would achieve them across Governments.

In the Scottish context, it is not just about the Government of the day's priorities for external affairs, in any dimension—be it trade or otherwise—but about the extent to which there is cross-party consensus on the core priorities for Scotland as part of the UK and the world, which transcends any one party or Administration.

Alasdair Allan: I cannot remember whether it was Mr Salamone or Mr Williams—perhaps it was you, Mr Salamone—who raised the crossover between the way in which Scotland projects itself culturally and its wider democratic, human rights or other aspirations and messages that it wants to get across in those spheres. We have previously talked in the committee about Scotland's potential for dispute resolution, which some of you have mentioned. Where is the crossover between how we project ourselves culturally and how we project our values? What more can we do in that sphere?

Anthony Salamone: It is a complex and very interesting question. It is always valuable to try to look at ourselves from the outside; that is not a novel concept. We just assume or take for granted a lot of what defines Scotland: that we are an established democracy; that we pioneered some of the principles of modern economics; and that we have a strong rule of law tradition, respect for human rights and so on—those are some core values.

Then there are things that people already know about Scotland, in the form of what we might call cultural icons. We have a global reputation for our universities and for education in general. Those are large principles and concepts that can sometimes be difficult to link, but we tend to do so in ways that allow us to advance what we want to advance in the world. Again, sure, that is about advancing our interests. Of course we want more trade and investment and better jobs—we would not deny that—but, at the same time, we want to see a world that reflects our kinds of values, such as greater democracy and the rule of law being not only advanced but upheld.

I might be sounding too vague here, but that might illustrate my point that we need to have clear objectives and principles and to decide which aspects we want to prioritise and focus on. It is not just a question of the raw metrics of foreign direct investment and so forth; it is also about the kind of

world that we want to see, which reflects not only what will be good for our economy in the long term but the political systems that we want. I am not saying that we would have huge influence on those, but we should not deny the influence that we can have.

I am sorry—that might have been a bit vague.

Alasdair Allan: Not at all—that was helpful.

I turn to dispute resolution. Can Scotland aim to do more in that sphere, including perhaps bringing people together here for that purpose?

Gareth Williams: A few years back, there was a proposal to establish an international centre for arbitration in Scotland. I must confess that I am not certain of what progress was made on that. We certainly supported the proposal, and there was interest in it from the UK and Scottish Governments, with a particular focus on energy, given Scotland's global reputation in that industry. I am sorry that I cannot give you a fuller answer.

Anthony Salamone: Perhaps I could segue from that to add that we can talk about dispute resolution not only in the sense of arbitration but in the sense of peace building. I know that that was previously an area of interest for the Scottish Government, but I am not entirely sure whether it still is.

The concept of Scotland being a global peace builder is an interesting one, for sure. I would perhaps link to what my colleagues have said previously on other sectors. We need to be cognisant of the global landscape and what others are doing. That is a roundabout way of saying that peace building is a crowded space. There are plenty of countries, including in Europe, that are already in that domain and have made that part of their presence in the world. They range from Norway and Sweden to Ireland and even Iceland and other countries big and small. They are usually smaller countries because they have less of the geopolitical baggage that makes it difficult to be a mediator.

Could Scotland be a global peace builder? Perhaps, but we would need to take that crowded space into account. If we want to have a global profile, is that really the one that is right for us? I am not entirely convinced that it is.

The Convener: I invite questions from Mr Ruskell, who is joining us remotely. *[Interruption.]* I hope that he is about to join us.

Mark Ruskell (Mid Scotland and Fife) (Green): Thank you, convener. In recent weeks, the committee has taken a lot of evidence on what makes a good global citizen. The main theme that has come through has been the importance of Scotland's role as a climate leader and in taking international action on climate change. Credibility

is an important part of that. Do the panellists see any inherent contradiction in that?

Much of your written evidence has included comments about international aviation and, for example, the need to increase the number of international flights, open up new routes and increase visitor numbers. That puts us in complete contradiction as regards the work that we are trying to do to show our climate leadership. Without there being a credible path towards developing sustainable aviation fuels, is there not an inherent acknowledgement there that such business growth and international connectivity through aviation will set us against those climate objectives? I am interested in hearing how you would square those aspects.

I think that Vicki Miller said earlier that we are now seeing in the sector a pivot away from domestic tourism and that VisitScotland is very much going to lean into that, in recognition of the fact that that is where the market is going. In switching away from investing in attracting people to holidays at home and really leaning into the international market, do you acknowledge that there are contradictions and potential credibility issues in there? If so, how would you attempt to square them?

Do you want to start, Vicki?

Vicki Miller: Absolutely, and thank you for the question. When I mentioned the pivot away from the domestic market, I was talking more about the balance of VisitScotland's resources, particularly our media budget. The domestic market remains critical to the sector, because it not only drives the volume of visits but—and this is important—addresses seasonality and regional spread issues. Areas such as the south of Scotland, for example, see more domestic than international visitors. It is not that we are actually pivoting away from the domestic market, but the fact is that, when resources are more limited, you have to look at where the areas of opportunity lie. From a global perspective, you need more resources to get return on investment, particularly media investment.

You are right—our geography dictates the need to increase connectivity if we are to attract more high-value international visitors. Their numbers might be lower, but they stay longer and spend more, and it is important to remember that. The key thing for us is to continue to work really closely with the industry and help it on its journey to net zero; indeed, that has now become a significant focus. It is a strategic priority of the Scotland outlook 2030 national tourism strategy, and there is a joint project involving all the enterprise agencies that is focused on ethical tourism and net zero and which is about combining our resources to provide industry with a toolkit that will help it to

develop its own climate action plans and ensure the decarbonisation of the whole tourism supply chain so that we minimise the carbon footprint of visitors to Scotland. That must be our focus, and it is absolutely a key priority.

Does that answer the question?

Mark Ruskell: I think that you have acknowledged that there is a bit of contradiction there, and the question is how we square that.

I just wanted to ask you about the use of other transport modes to connect Scotland. There has been renewed interest in a Rosyth to continental Europe ferry service, but I am not quite sure where we are with that as a well-defined offering for tourists. You will have also seen the trends in continental Europe, with the growth in overnight train journeys, and the actions of some Governments, particularly the French Government, in restricting domestic flights and pushing travel and tourism more in a certain direction. Obviously we face challenges in that respect, not least because of Brexit, but I am interested in hearing about the extent to which the Scottish tourism sector is looking at connectivity beyond aviation. When I read your submission, I felt that it seemed to be saying, "Let's have more flights," and it did not seem to say very much about more lower-carbon and perhaps more future-proofed forms of interconnectivity.

Vicki Miller: I would just highlight our discussions with the industry leadership group that has been set up and is co-chaired by the minister, in which we have been looking at the game-changing things that need to happen to make tourism in Scotland more sustainable. One such area is transport, particularly ferries, as far as Europe and that particular type of European touring visitor are concerned; train travel, too, is important, and a lot more needs to be done in that area on, for example, integrated ticketing. There are a number of barriers—and, indeed, opportunities—with regard to public transport and active travel, and we would like investment to continue to be made in that area so that we provide a better visitor experience and, as you have said, we can offer other modes of transport for people to get around Scotland in a way that will ultimately benefit the sustainability goals.

10:00

Mark Ruskell: I will move to Seona Shand, on a similar theme. Reading your submission, it is obvious that there is a lot of excitement among business about the business opportunities of COP28. I think that you say that it is one of the largest global moments. Business will be trying to make sense of those opportunities in the same way that it did with the Dubai Expo 2020.

In relation to the COP process, at one level, COP26 in Glasgow felt like a big trade show. That is not to diminish the importance of that, as it is clearly served an important function, but it raises questions about credibility in relation to the business sector's engagement in the COP process. It is about where you draw the line. When I was wandering around COP26 and looking the hundreds of stands that there were in Glasgow, I saw some stands from countries that were clearly stretching it in terms of credibility in terms of the kind of businesses that were being presented, the genuine sustainability of some of the offerings and what the countries were wanting to promote from their own individual sectors.

I wonder how you find that line of credibility within Scotland. Is COP28 an opportunity for everybody to come and present their goods and services? Are there particular key themes where the Scottish Government will say, "Look, this is our contribution in relation to climate change in terms of goods and services", but there may also be others that are more questionable? I certainly saw some questionable promotion at COP26, which was widely described as "greenwashed" by others.

Seona Shand: Thank you for that question; there are probably two parts to it.

From a Scottish Chambers of Commerce perspective and on behalf of the chamber network of about 30 chambers, we are very systematic in our approach of one to many. We directly support about 13,000 businesses. We very much look to the "Scotland: a trading nation" plan for guidance on the right markets and sectors, but we support businesses of every sector and size as long as they are entrepreneurial, ambitious and passionate.

From our perspective, when we run trade missions, we are very aware of our own carbon footprint. A lot of our work is done virtually and online, which is great. Covid was useful in that sense, as it allowed us to become experts in those technologies. A lot of pre-engagement for initiatives is done through technology such as Zoom and Teams, which is really helpful. It allows us to get ahead of the game while avoiding getting on planes to travel around the world.

COP is slightly different. It is absolutely not a trade show for us; it is about linking in and coming together with Government. Working very closely with the Scottish Government and some of the teams, part of what we want to do around COP this year is consider how we ensure that exporters are aware of some of the net zero challenges that we face and the expectations of consumers and businesses around the world, and how we can positively influence that.

I will also go back to one of my earlier comments around innovators in Scotland. Some of the innovations that are coming out are really important in relation to the green skills that we are going to require. We do not see global events such as COP as being like taking a typical trade mission out to the United Arab Emirates. It is very much about highlighting the messages of the Scottish and UK Governments around the importance of tackling climate change, and Scotland's ambitious targets for reaching net zero much earlier than others. That is the angle that we are looking at for that.

Mark Ruskell: Okay. That is useful.

I will turn to my last question. We received evidence from Scotland's International Development Alliance in which it proposed extending the outcomes and indicators for how we measure Scotland's impact in relation to international work. It took a bit more of a wellbeing economy approach in wanting the inclusion of fossil fuel extraction and export, the arms trade, the socioeconomic impact of supply chains and the material footprint of Scotland's businesses on the rest of the world.

Do you inherently welcome the emerging consensus around the wellbeing economy and what that means, or is it something that your members might have a concern around?

I will go to Gareth Williams first.

Gareth Williams: More generally, we welcome a focus on wellbeing. We are involved in the Scottish Government's new deal for business work, and we chair the subgroup on the wellbeing economy along with Business in the Community Scotland, which is looking at how businesses articulate their contribution to a wellbeing economy. We are very much signed up to that as a priority.

On the international picture, we have done a lot of work around the theme of business purpose. We established a commission that produced a report last year, and, in recent months, we have been talking to the Canadian Government about whether it will establish a similar commission. Again, that links to wellbeing, given that the Canada is one of the wellbeing Governments. There is potential for us to make progress around that and the private sector is engaged very strongly in that activity.

There is a bit of a risk in creating too many additional indicators although certainly some of those on the carbon impact of supply chains that Mark Ruskell mentioned are important. We do not see a contradiction between international trade and climate change. Clearly, there can be tension there, but we are keen that new free trade agreements, for example, could include climate

commitments between countries, and that there could be a strong emphasis on trade in low-carbon goods and services in those agreements.

As I mentioned, we were in Brussels recently and some of the comments that we had from the European Commission were interesting. It was supportive of our vision for the Scottish economy, which aligns with the national strategy for economic transformation, but the one omission from our work, which I think is also true of the blueprint, and which is an increasing priority for the European Commission, was about access to critical raw materials and the impact on the supply chain as global trade patterns change. That was an interesting reflection.

We also talked a lot about where we can continue to work together with the European Union. There is an opportunity there around net zero, the EU's green deal industrial plan and the potential for Scotland to plug in to the net zero supply chains that that deal will create in Europe. There is certainly a strong interest in the EU and more broadly in the just transition work that the Scottish Government has been leading on.

Related to that point, there was a lot of talk about carbon border adjustment mechanisms. The EU has been looking at that issue, as has the UK. The Scottish Government has done some early work on those mechanisms and we would support trying to introduce the carbon impact of trade into them, and increase the opportunities around the reshoring of supply chains within a country.

Anthony Salamone: I would like to go back to your first question on what is a good global citizen in practice and how we can balance challenges and so on.

There are two ways that I would want to define what being a good global citizen means. One is the alignment and balance of values and interests, which can be a challenge, as you outlined. I will perhaps explain what some of those are later. The second is aligning and balancing what Scotland does domestically with what it does internationally.

On the first point, every country, when it is engaging externally, wants to promote itself and look good. That is a very natural tendency, and it is quite right, but at the same time, there is some value in being honest about the challenges and trade-offs. We speak a lot about Ireland, which has a strong reputation for its commitment to multilateralism, peace, conflict resolution and other things that it finds favourable in terms of sentiment and culture, but at the same time, Ireland, as has been mentioned, is a hub for global aviation and there are the fossil fuel emissions that are linked to that. Of course, Ireland has also been a haven for multinational corporations that were keen to

save on tax. Those aspects are a bit of a challenge.

In Scotland's case, yes, we want to say that we are a leader on combating climate change and that we have ambitious climate change targets. We also have a history as a fossil fuel exporter and, as I understand it, we have not always met our targets. That is contradictory information, but every country faces those contradictions. In the UK context—this goes for the UK and the Scottish Governments—the tendency is to ignore all the negatives and focus only on the positives, but that kind of narrative is perhaps not persuasive, because we know that that is not the whole picture.

That is not to say that we should overemphasise the challenges or the negatives, but you should try to balance them and to have some honesty about them when you are engaging with external partners. That also means accepting criticism, where it is warranted, from other countries or partners. It is not sustainable for Scotland or the UK—or any country—to expound on virtues and values that we say are important when other countries do not live up to certain standards if we do not accept criticism from anyone else if we do not meet those same standards ourselves. I am not pointing at a particular area, but as a general principle, if you want to build the kind of credibility that you were speaking about, that is the way to do that. That approach is based on honesty about the challenges and how you balance them and accepting criticism when it is warranted in the same way that you criticise other countries when they do not uphold a particular standard.

Vicki Miller: I will build on Anthony Salamone's point, which I agree with. Some of the work that we have been doing as Brand Scotland is to build the proof points around the evidence that Scotland is a good global citizen, that it is open, welcoming, inclusive and progressive and that we are on a net zero journey. We have been working on providing a toolkit for industry and partners to be able to talk about what those proof points are and to be very honest about what is still work in progress. That and the evidence to support the story are really important.

Specifically on the tourism side, I talked about the outcomes that we are looking at across the four Ss of spread, spend, sustainability and satisfaction. When I talk about satisfaction, I do not mean only visitor satisfaction but, I guess, industry and community satisfaction. As we reset and rebuild towards a more responsible and sustainable visitor economy, we are seeing that it is important that we take account of the wellbeing of the community and that we get that right balance of visitors for each community in Scotland. We are starting to look at how we

measure that community aspect and community impact and to ensure that we get that right.

From an industry perspective, things such as fair work are going to be important in positioning the industry as an attractive one in which to work for more people in Scotland. We also need to think about outcomes in those areas.

Seona Shand: I was going to tell you a bit about Brand Scotland, but it is okay—Vicki Miller has done that, which actually highlights its importance. It is interesting that, in our international trade partnership with the Scottish Government, we have some soft measurement outcomes and some slightly harder ones.

One of the things that we are starting to ask businesses that come on our trade missions about is their fair work and trade principles. Some things are easily measured, such as the value of opportunity and the number of jobs created—which are exactly what we should be measuring—but we also need to understand the impact that some of those things will have on businesses, particularly smaller businesses that do not quite understand the implications of having a wellbeing strategy for their work. We are trying to help them, at the entrepreneurial start-up stage, to embed some of those principles in their business, tackle the domestic market and then go global. At that stage, when they are looking at global markets, it needs to be intrinsically embedded in their organisation that, actually, what they do is about more than just hard outcomes and there are bigger implications to being a good global citizen.

Mark Ruskell: Thank you. That is very useful.

10:15

Donald Cameron (Highlands and Islands) (Con): Good morning. I want to pick up on that point about good global citizens. We heard evidence about that from the Scottish Council on Global Affairs at last week's meeting. It is a subjective term. I think that we can all agree on some basic norms that a good global citizen should adhere to. Mark Ruskell touched on the climate, for example. Is it a useful concept for us to promote, notwithstanding the good intentions behind it?

Anthony Salamone: The good global citizen concept could be useful if we had something to define it. It is admirable to say that Scotland and the rest of the UK should be guided in their engagement with the world by the principle of contributing positively. However, I want to know what that means in practice. Does it mean that we advocate particular values that we want to see in the world? I have mentioned some. They can still be headline principles; it does not have to be in granular detail. If we are talking about the

promotion of the rule of law and democracy, that is fine. It does not have to be extraordinarily detailed about a particular country or a particular mode of democracy.

Is it about the kind of trade that we want to do or the kind of trade partners that we want to have? How will we balance situations in which, in pure economic terms, trade with a particular partner or industry would be beneficial to us but, in terms of our values, it would not be beneficial, so we have to find somewhere in the middle?

Is it about other aspects such as what our priorities are for who we want to work with in the world and to what end? If we could link those to a meaning of good global citizen, then, sure, it would be a useful concept. However, in the absence of that, it is a bit vague to understand what it means in practice.

Donald Cameron: Gareth Williams, do you have anything to add?

Gareth Williams: I do not have much to add. What I would say is that lots of our members and lots of businesses are increasingly mindful of their role; of the risks that exist to them for their reputation when they are operating internationally, including in regard to their supply chains; and of the impact that that might have on whether people are willing to buy from them and, ultimately, on their social licence to operate. It is in the minds of businesses, and it has a significance for countries, as well. I cannot answer in detail about how exactly that should be measured.

Vicki Miller: I reinforce Anthony Salamone's point and the points that I made earlier. I think that the concept is helpful, but we probably need to better define it. It will then be about backing it up with evidence and being clear about what the proof points are. That will stand us in good stead.

Seona Shand: I agree with all the aforementioned points.

Donald Cameron: Let us move on to the question of Scotland's international presence through Scottish Government offices. Are those offices in the right places in the world? We are not in the global south or, I think, in South America or Africa, with the exception of Malawi. Should we be? Should we redirect and refocus? We cannot be everywhere, because resources are limited.

I might start with Gareth Williams, given his remit.

Gareth Williams: It is an interesting question. Resources are clearly a consideration, particularly at this time. We lack a presence in sub-Saharan Africa—I have mentioned that already. Latin America would be another good location.

At the same time, though, we want to grow our presence even within existing markets such as the US, and we are focusing on how, in continental markets, we can take advantage of opportunities that might exist in an individual state. A presence in the places that you mentioned would have to be developed over a certain period of time, taking into account other priorities such as the need to ensure that we continue to engage effectively within the EU.

Vicki Miller: From a visit—and, indeed, a business event—perspective, I would say that the US, France and Germany have consistently been our priority markets and are where we see the largest volume and value. As a result, that is where we are focusing our resources and where we want the priorities to lie.

Seona Shand: You ask a really interesting question and, again, it is one that businesses will have very different answers to.

I agree with what has been said about Africa. We always talk about Africa as though it were a country rather than a continent, and that in itself comes with some challenges. I know that the Government had some people on the ground there and that the situation has changed a little bit in that respect.

I think that, in the short term, the answer to your question is probably yes, but the issue is the longer-term view, and that brings us back to the point about sustainability. We need to look at the longer term and at new and emerging markets, and we need to think about how partner organisations can be used to help us to get ahead and to find out where the right places to go are. That will be invaluable. Again, you will have GlobalScot and other partner organisations on the ground; indeed, through our international chamber network, we can reach 40 million companies in the global chambers of commerce in more than 100 countries. As a result, there are already boots on the ground, so to speak, that can help us to identify where the new markets are. In short, the short-term and long-term views are slightly different.

Donald Cameron: That is really interesting, because markets change, with some falling away and others growing, and keeping tabs on such changes will be a really important dimension.

Anthony, do you have anything to add?

Anthony Salamone: Yes, I do. There are perhaps two elements to this: first, the number of international offices that the Scottish Government has and where they are in the world; and secondly, the international presence more generally.

The placement of the Scottish Government's representative offices will depend on their strategic objectives and core purposes, and as I have said in previous evidence to the committee, I am not clear what those objectives are. If those objectives are truly based on trade and investment, that will lead to one conclusion, but they could be based on, say, engagement on policy issues, which can relate to trade and investment but can also include other dimensions such as EU policy in Brussels, wider UK policy in London and what have you. Again, if you think it important to be connected to particular countries, for example because the global policy environment might affect the Scottish economy, you might well make different choices. If you had clarity on the aims of the network as a whole, you could decide where you wanted the offices to be.

For instance, if the aim was making strategic connections with the EU, you would be thinking, "Well, there's an office in France and Germany, but there isn't one in Italy, Spain or the Netherlands." There is now an office in Denmark, which is fine if you want to focus on the Nordic countries, but does that make sense with regard to the overarching aims for trade and investment or other aspects? I am not sure.

If I were asked to offer a perspective, I would say that a focus on Europe—both the EU and non-EU states—and North America makes sense. However, I would caution against overextending the presence in terms of physical offices and in terms of time, effort and resources. I do not think that it makes sense to have offices all over the world at this stage; we need to have priorities, and if our priorities are Europe, North America, South America, Africa and Asia, those are not priorities—that is the whole world.

As for the point about an international presence, we need to see what Scotland can gain from what is available. Yes, the Scottish Government has its own offices, but we need to see what can be gained and maximised from the UK Government's substantial diplomatic presence, which, of course, is one of the largest diplomatic presences in the world.

I am not saying that we do not already do that from a trade perspective. I am talking about doing that from a Government policy perspective. We can gain from the Scottish Government's network and from the UK Government's network.

Donald Cameron: I am glad that you mentioned that, because I was not going to. I note Ben Macpherson's earlier questions. I do not think that it is worth revisiting the well-documented arguments that have been had in recent months. However, for the sake of balance, it is worth stating that I do not think that the UK Government has ever said that the Scottish Government should

not have an international presence or that it should not promote trade. The argument has been about policy in particular and the limits of devolved and reserved powers.

That aside, would you agree, whether it is for trade, development or tourism, that it would be better for both the Scottish and UK Governments to work together to promote Scotland? Is that a fair comment?

I see that you are all nodding your heads. If anyone has any observations to make on how that dynamic works, I would be interested to hear them. For example, we know that some of the Scottish Government's international offices are located in UK embassies.

Anthony Salamone: I would not see that as a duplication. For example, it is clear that the Scottish team in the Scottish Government's Germany innovation and investment hub, which is co-located in the UK embassy, understands the needs and priorities of Scottish businesses and vocalises that in tandem, where relevant, with what the UK Government is doing in Germany. To me, that is complementary; it is not duplicative.

As far as co-operation is concerned, yes, I very much hope that the Scottish and UK Governments can continue their existing co-operation on international affairs and, indeed, improve on that. However, as I mentioned in my written evidence, I think, and certainly in my comments earlier, that requires both Governments to be willing to meet each other in the middle and to compromise. That can be a challenge on any aspect on which there is overlap between the two Administrations, but it is an important issue for external partners, as it can be confusing if the two Governments are not on the same page on a particular aspect. That does not mean that there cannot be political or policy differences—there will always be those differences; in fact, that is the purpose of devolution. I am talking about partners who want to understand where they should go for a particular service or whatnot.

Yes, of course the two Governments should always try to work together. That co-operation exists, but I am sure that we could always do better. The core point that I have underlined in that regard is that, in some cases, that requires the UK Government to be willing to meet the Scottish Government and, in some cases, it requires the Scottish Government to meet the UK Government. It is not one directional.

Donald Cameron: Does anyone else have any observations to make?

Gareth Williams: I would probably not want to comment on the politics, but I would observe that, at an operational level, the Scottish Government, the Department for Business and Trade and

Scottish Development International are working well together. They sit on our international business committee, and we see that in those discussions, and we certainly get pretty positive feedback about what is happening externally as well.

I think that I omitted to say earlier when we were talking about SDI's offices that we also have the UK offices overseas, and we need to make more use of them.

Yesterday, I was speaking to a member who told me that, in the past few months, they had been contacted twice by what was the DIT and is now the DBT to arrange trade missions to overseas markets, that it had taken a group of companies and that those had proved to be very effective visits for those companies. Since that department established its presence in Scotland, those links have been strengthened.

Vicki Miller: Again, I agree that that co-operation is particularly helpful.

On the tourism side, we have and benefit from a unique relationship with VisitBritain. We have a strategic framework with VisitBritain, which gives me the opportunity to influence the role that it plays in promoting Scotland internationally. It has significant resources with regard to international marketing, as well as people in-market that we do not have. That is particularly important.

VisitBritain's resources are also very important in helping us to establish and use its networks, particularly with travel trades and other intermediaries in-market. That helps us to connect tourism businesses in Scotland with those networks. I have the opportunity to influence it not only in relation to how it positions Scotland, but in relation to the role that it undertakes to make sure that it is helping businesses in Scotland to connect with those networks, which, again, is particularly important.

10:30

Seona Shand: It is very important that the Governments work together to avoid fragmentation and confusion for businesses in understanding quite simply who and where they should go to for help. Businesses are simply happy to get help and support.

From an investor point of view, we need to be careful that there is not a perception that the Governments are not co-operating. I regularly meet DBT and SDI, and it is very clear that a lot more collaboration and conversations are happening. When I talk to the global teams, the approach seems to be a lot less fragmented, and there seem to be a lot more partnership

opportunities. That is the right direction, but we all need to build on that.

Donald Cameron: Thank you. Those are powerful points.

The Convener: When we did our investigation into the international offices, all the evidence that we took was positive. There was good work and complementary work—everything that you have just spoken about was there. The British Council, for instance, said that it would welcome more offices and efforts opening up. However, domestically—Seona Shand touched on this—the discourse is that we hear terms such as “pretend embassies” and “waste of money”. Does the intergovernmental strain at the moment break through into the perception internationally? In relation to the rest of the UK, is Scotland the only country that is experiencing such tension, or is that shared by the Welsh Government and in Northern Ireland?

Seona Shand: I probably could not answer the last segment. I am not aware of any feedback—certainly from businesses—about fake embassies. That has not been fed through to us. As I have said, ultimately, businesses want to know who they know in-country, and they will reach out, regardless of whether that is DBT or SDI. They simply need someone to offer them help. It is about where they can win contracts and how they can find out information.

I asked a business to google what it would look for. It is interesting that, if you google “International trade support Scotland”, the first three pages are all university pages—they are about students. That is great—it means that the universities are doing their search engine optimisation particularly well—but there was nothing about business on the first few pages. I think that SDI was around page 3 or 4, and we were a little bit behind that. There is possibly a little bit of work to do there for when businesses are looking. As I have said, they do not mind where the help is; they simply need the help.

Anthony Salamone: On the Scottish Government's engagement with the world, intergovernmental disagreements are not helpful, but I would not say—at least from my perspective—that that has filtered through to businesses. Maybe that preoccupies the political level domestically, but I am not sure how much it affects people, particularly people outside Scotland or outside the UK. Nevertheless, if those tensions persist, that could have an impact on businesses. I think that the best solution is for the two Governments to try to work together.

In my previous evidence, I mentioned a new intergovernmental agreement between the two Administrations or between all the devolved

Administrations and the UK Government that sets out perhaps more clearly in a post-Brexit context how Scotland and, where relevant, Wales and Northern Ireland engage internationally and how that fits with what the UK Government is doing. I hope that we can move to—my colleagues have alluded to this—a more constructive approach in that space, because that would benefit Scotland and the rest of the UK the most.

Ben Macpherson: Please excuse me, but I am going to take us back to a few earlier points. There was some discussion about our presence in Africa. This can be an open question to come back on, if people do not have an answer now. The Scottish Government has an international development presence in Malawi, Zambia and Rwanda. As part of the considerations going forward, it would be interesting to know whether there is a particular city or country in which business interests in particular think that a Scottish Government presence would be helpful, appropriate and useful. That is my first question.

My second question goes back to a point that we discussed some moments ago about Scotland being a good global citizen. Without meaning to be overly semantic, I wondered whether a more inclusive and helpful approach might be to think of Scotland promoting good global citizenship among its domestic population and more widely. I am interested to hear any thoughts on that.

Anthony Salamone: I might leave it to my colleagues to specify which cities or countries might attract a Scottish Government presence from a business perspective. On the question of “citizenship” versus “citizens”, it is certainly possible that the principle of good global citizenship, as opposed to Scotland being a good global citizen, could be useful, but we still need to define what that means in practice and how we face some of the same challenges that we might face in relation to the previous question.

That links to something that I said before when I tried to offer my definition of a good global citizen, which is to say that it is about not just balancing values and interests but ensuring alignment between domestic policy and external policy. If, for example, peace building was an area of importance for the Scottish Government globally, we would also need to take due account of how we promote peace building within Scotland. That goes for other aspects of our external affairs policy, too—we need to match what we say others should do with what we do. I am not saying that that does not happen, but it must be an intrinsic part of how we promote good global citizenship and of ensuring that we have the credibility that we would need to have in order to be able to make the claims that we were making.

That takes me back to the core point, which is to say that citizenship is about not just what we want others to do but what we are doing ourselves and making sure that we are honest about where we succeed in upholding our values and about areas where we fall short. That is the core basis of the credibility that we will need if we are to play that kind of advocacy role globally.

Gareth Williams: I do not have an immediate response on where you would locate. You would want to look at those markets that were most significant and that offered the most growth opportunities. We have a strong interest in the energy sector in Africa, so that might come under consideration, along with other important sectors of the economy. You would also want to look at factors such as connectivity with the rest of the continent. However, I do not have an immediate favourite to offer.

I do not have much to add on your other point, either. We have some interest in the development of global skills, if you want to put it that way, within the education system, and some thought has been given to how that is tracked. The programme for international student assessment might have an experimental measure in relation to that. I think that our business members are keen for that to be advanced, because we want people to have those kinds of skills, but I have nothing more specific to say at this stage.

Ben Macpherson: That is no problem. Thank you, Mr Williams. Do not feel that you have to answer if you have nothing more to add.

The Convener: That exhausts the committee’s questions. I thank you all for your attendance.

The committee will now move into private session.

10:38

Meeting continued in private until 10:50.

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