



OFFICIAL REPORT
AITHISG OIFIGEIL

DRAFT

Constitution, Europe, External Affairs and Culture Committee

Thursday 13 March 2025

Session 6



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Thursday 13 March 2025

CONTENTS

REVIEW OF THE EU-UK TRADE AND CO-OPERATION AGREEMENT	Col. 1
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**CONSTITUTION, EUROPE, EXTERNAL AFFAIRS AND CULTURE COMMITTEE
9th Meeting 2025, Session 6**

CONVENER

*Clare Adamson (Motherwell and Wishaw) (SNP)

DEPUTY CONVENER

*Alexander Stewart (Mid Scotland and Fife) (Con)

COMMITTEE MEMBERS

*George Adam (Paisley) (SNP)

*Neil Bibby (West Scotland) (Lab)

*Keith Brown (Clackmannanshire and Dunblane) (SNP)

*Patrick Harvie (Glasgow) (Green)

*Stephen Kerr (Central Scotland) (Con)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Professor Ana Basiri (University of Glasgow)

Dr Kirsteen Davidson Kelly (National Youth Orchestras of Scotland)

Colin Keenan (ATC Live)

Professor Mark Schaffer (Heriot-Watt University and the Royal Society of Edinburgh)

Lisa Whytock (Active Events)

LOCATION

The Robert Burns Room (CR1)

Scottish Parliament

Constitution, Europe, External Affairs and Culture Committee

Thursday 13 March 2025

[The Convener opened the meeting at 08:47]

Review of the EU-UK Trade and Co-operation Agreement

The Convener (Clare Adamson): Good morning, and welcome to the ninth meeting in 2025 of the Constitution, Europe, External Affairs and Culture Committee. Our only agenda item this morning is to take evidence as part of the second phase of our inquiry into the review of the European Union and United Kingdom trade and co-operation agreement. This week, we will focus first on artificial intelligence, then on touring artists.

For information, I say that, next week, the deputy convener and I will be attending the EU-UK Parliamentary Partnership Assembly in Brussels, at which one of the breakout sessions will be on AI, which I will attend on behalf of the Parliament.

I give a warm welcome to Professor Ana Basiri, who is the director of the centre for data science and AI at the University of Glasgow, and to Professor Mark Schaffer, who is a professor of economics at Heriot-Watt University and fellow of the Royal Society of Edinburgh.

I will begin with a couple of questions. The Royal Society of Edinburgh's submission states that, in relation to AI, the UK faces choices in how it will align. It could align with the USA or with the EU, or try to mix elements from both. What scope does the UK Government have for that? What should be the priorities for the Scottish Government in those areas?

Professor Mark Schaffer (Heriot-Watt University and the Royal Society of Edinburgh): I preface my remarks by saying that I am representing the RSE, unless I say otherwise. The RSE had a working group that came up with the written submission, so I will be referring to that.

It is probably better to think in terms of a loose or light-touch regime, which is what the US has. The US does not have a single regime—it is a federal state, so there is some federal regulation and some state regulation, but it is relatively light touch, whereas at the other end of the spectrum you have the EU's Artificial Intelligence Act, which is quite prescriptive.

On the alignment options, there are trade-offs involved. The UK has geographical proximity to a

very large market and, to be able to operate in that market, we need to satisfy the local regulatory regime. There is that trade-off with alignment, as the EU's is quite a prescriptive regime, and there are costs involved in that. Not very much is available to Scotland to do separately or independently, in terms of regulation—it is mostly a UK-level matter.

That is it in brief. Should I go into detail on any aspect?

The Convener: We can come back to that. I will get some initial thoughts from Ana Basiri.

Professor Ana Basiri (University of Glasgow): My thoughts are not very different from what Mark Schaffer said. In the UK's "AI Opportunities Action Plan", which has just been released, we see a lot of emphasis on economic growth and all the opportunities that should be maximised. There is something of a narrative that basically says that we need to move on a little from being too scared of the risks of AI and instead to maximise opportunities.

That is probably the distinction between the AI strategy in Scotland and the US, and the current EU model. The EU's approach is more risk based: the EU Artificial Intelligence Act categorises different applications based on the risk that they might pose to the community. As Mark said, the EU is a little more prescriptive than we might be in how we handle that. However, in the UK Government's "AI Opportunities Action Plan", there is still an element about how we can work with the EU and bring the two approaches together to do something that is between what the US and the EU have done.

For example, the plan mentions how we can bring together the compute, because that area is probably our weakness, and it refers to the European High-Performance Computing Joint Undertaking, which is one possibility in that regard.

On talent, the UK is behind even Finland, let alone Germany and others, on AI expertise and other relevant expertise. Exchange of talent and students and so on could help us—Scotland, given that it has the highest proportion of universities and so on, can maximise that.

I just wanted to add that bit of detail to Mark's statement.

The Convener: Obviously, geopolitical events at the moment are perhaps making us rethink our relationship with the EU post-Brexit. Is AI regulation that is aligned with the EU's approach important to strengthen relationships with the EU and the possibility for trade?

Professor Schaffer: Yes, I suppose so. The "reset" is actually not well defined, as we state in

our written submission, but it is quite separate from the TCA and it is also quite fluid, which is worth emphasising. It is very early days on that, and the Artificial Intelligence Act is new and is not even fully in place. Things are still fluid, so it is possible to influence the direction that regulation takes, even without our being an EU member, as the paper states. It is a priority for the UK to participate and to influence direction, and the same applies to Scotland. There is scope for that.

Things are moving very fast and there is a real challenge for regulatory environments. A study was done about six months ago that looked at the state of AI regulation in a number of countries as of early 2021. None of the regulations or draft regulations at that time mentioned large language models. The words just do not appear, but we now know that such models are extremely important. Things are moving very fast, which is a real challenge for regulators. We expect the form that regulation takes to be flexible and to change over time. That implies that the possibilities for influencing the direction might be substantial. I am not sure, but they do exist.

Professor Basiri: Similar to what Mark said, as I understand it, there is only one mention of digital trade in the TCA and it is not explicitly about AI. However, it is important because, however you define AI, it is almost everywhere, so there is scope to push and try to exert influence.

Beyond the regulatory alignment and all the issues on which I am not really expert enough to comment, there is a benefit to having the conversation because what is produced is mostly in silicon valley. How we regulate that is more about using some of the techniques and technologies that are produced in the US. Within that scope, having the conversation as a convener between the US and EU might be a more realistic approach to having an influence because the US does not want to lose a big market like Europe, so if we were a bit more aligned with the EU that would be a threat. The UK position is relatively important because it can facilitate the conversation between the US and EU.

However, as I said, AI regulation is not explicitly mentioned. It is slightly different from the TCA, really.

The Convener: On concerns about artificial intelligence, we are being advised about safety and security, appropriate transparency, explainability, accountability and governance, and contestability and redress. Given the nature of the worldwide web, which is, I suppose, the nearest thing that we have had to the step change that AI will bring, is it possible to regulate it in a way that will protect consumers and citizens across the EU?

Professor Schaffer: Across the EU?

The Convener: Yes, and in the UK.

Professor Schaffer: In general.

The Convener: Yes, in general

Professor Schaffer: Yes, I think so. We have regulation of all sorts for the digital economy. Pre-internet, some regulations did not exist because the internet and AI did not exist, so having regulations was not feasible. Technology is moving quite quickly, but the technology of regulation is also moving fairly quickly, so regulation is perfectly feasible.

It will depend on the sector. For example, regulation of financial institutions can be quite prescriptive and includes how data are stored and processed, how various technologies are used, what kinds of security need to be in place, regulating cybersecurity protection and so on. All those things can be regulated.

The challenge for regulators is in the moving target problem and striking a balance between consumer protection and not slowing down the introduction of new products to markets, or innovation. There is a balance to be struck, but doing so is feasible.

09:00

Professor Basiri: I would repeat what Mark has said and add a few examples.

The concept of platform neutrality was introduced in internet regulation because we wanted to support freedom of speech, although California governors and others subsequently made comments about that. Instagram and other platforms are not responsible for the content that I share and are not liable for it. You might argue that that is not right and that we should regulate for that, but that is how some technology foundations are regulated.

It is worth mentioning the distinction between what we call narrow AI and general AI, although the technology is not there yet. If, for example, a chess application works very well and can beat me using artificial intelligence, we would define that as being specific and narrow AI. If it could learn from something else that was beyond its scope and do something with that, such as learning how a human moves from my movement and also learning a language, we would call that general AI.

My personal view is that regulating narrow AI would massively limit the opportunities. The danger is relatively limited, because narrow AI is designed for a particular purpose. Even if it poses a risk, that can be moderated based on existing rules. If an advertisement were to deceive customers, regulations are in place to deal with

that, whether the advert was produced by AI or not—narrow AI does not need special treatment in regulation. However, there does not yet seem to be effective regulation for AI that can learn something and act in a different discipline, like a large language model. The Government needs to decide whether the benefits of it override the risks. There is a lot of confusion among Governments regarding how to define that risk. I want to make that distinction between narrow and general AI.

The EU has three categories of risk: high risk, which is for medical science and so on, medium risk and low risk, and it has some prescriptions, but that is not really regulation. The approach is based on self-reporting—for example, that facial recognition would be used so a human would need to be involved. As Mark mentioned, the US Government's approach is not so specific, because it is a federal system. We should probably look into that.

On nationally threatening issues such as security, which the convener mentioned, we already have many agreements with the EU that we could easily build on for AI, cybersecurity, and so on. We work together and have agreements that we could build on feasibly and flexibly, which would be much easier than having to do it ourselves out of necessity. Our values regarding the security of the user seem to be a bit more aligned with the EU: Scotland's position on responsible development of AI is the same.

Alexander Stewart (Mid Scotland and Fife) (Con): Good morning. Scotland has some significant pioneering universities, as well as trade and industry and financial and commercial sectors. The Scottish Government has an aspiration and an ambition, which it has set out in its strategy, for Scotland to become one of the leading developers of AI technology. We have discussed some of the overlap on data protection for acquisitions and financial regulations. How realistic is it for Scotland to achieve its ambition to become one of the leaders in development of AI?

Professor Basiri: The UK Government talks about “homegrown AI”—although the EU is mentioned frequently, so it will need to define “home”—and about being

“an AI maker, not an AI taker”,

which is where we can join in. Many people in the AI sector would argue that we are already leading and that we need to remain in a leading position.

Many people who train here leave the UK after they become a leading scientist or developer. Just look at the Nobel prize winners. People come out of University College London, for example, and some of them are still based in the UK at DeepMind, for example, and some are out of the UK. We are, arguably in a great position.

Scottish universities are also doing a lot in that direction. AI is mentioned in the newest strategies of the universities—I am aware, at least, that it is in the University of Glasgow's strategy. The direction of travel is right, but it requires investment and guidance.

There is also the idea of joining some of the leading institutions and countries that have infrastructure that is easier to build upon, such as Germany. There was the Erasmus+ scheme, and we have had discussions about how we can have exchanges of students and talent and have a joint compute resource.

Our weakness is that we do not have a lot to say and we do not have national infrastructure for AI. Such infrastructure is relatively expensive. For example, the infrastructure that is used for Gemini, the Google model, costs more than the whole amount of research funding that we receive in Scotland from our Scottish Funding Council. We just do not have the compute resource.

We can be enabled by bringing the UK and EU together and sharing resources. We are in third position in the “Government AI Readiness Index 2023”—we have lost second position. Other countries—including China, Singapore and others—are putting in way more resources. Whether our values are aligned or not, we need to join the EU in sharing resources while also having a lot of collaboration with the US. That might be realistic.

Some would argue that we just need to try to remain a leader in AI. I do not know whether that is a realistic view or not. It could be, but that would require some investment. I hope, based on the “AI Opportunities Action Plan”, the Government's investment and Scotland's being an attractive place, that we will be able to grow. Five regions will be AI growth zones: I really hope that Scotland will be one of them, which might help us.

Professor Schaffer: I want to echo the point about mobility. It is important to say that Scotland is a small country and it is not so much “the” leader in AI as it is “a” leader—it is at the frontier with other leaders. That is how I suggest you think about it. Mobility of people from the EU—and from around the world—to visit and work in the UK is absolutely essential. That is a long-standing position of the Royal Society of Edinburgh.

The RSE has urged the UK to rejoin Erasmus+, which is a reciprocal youth mobility scheme. The whole visa regime and the need for permission to work in the UK needs work and needs to change. That is absolutely essential. We are talking about an industry in which people's skills—in business as well as in academia—are essential. Mobility is really important.

Alexander Stewart: As well as mobility, is there a need for significant flexibility in the regulatory framework? Having the flexibility that is required to ensure that you can have an input into the process might mean that there needs to be some flexibility in the regulatory framework—that might have to be addressed. Is that an opportunity, or will it be a stumbling block for us, going forward?

Professor Schaffer: That depends on which regulatory regime you mean. The UK has a somewhat more flexible approach than the EU: there is not a single law like the EU's Artificial Intelligence Act, which—to repeat myself—has been criticised for being pretty prescriptive. The EU is going to have real challenges in keeping up with the rapid pace of change.

The UK's approach has been to keep the existing regulatory regimes and to give guidance on AI relating to them. Such flexibility is valuable and sensible. However, as I mentioned earlier, there are opportunities where that flexibility already exists. Even in the EU there is some flexibility—at least there will be initially, although new measures are being implemented now—and there is the possibility of influencing the direction of change. There absolutely is scope for flexibility.

Alexander Stewart: Professor Basiri, have you anything to add?

Professor Basiri: AI is moving too fast. I really think that if we go case by case, we will not catch up in time.

Flexibility is needed, and there are many approaches that could be taken to give that flexibility. At the moment, the UK structure is such that it reacts whenever there is a huge threat. For example, child abuse that was being carried out through social media was a massive issue, so a report on that was produced and there was an attempt at regulation to protect people from such problems. On the other hand, the EU's approach is to examine the whole area and consider the risk that each aspect might pose. As Professor Schaffer commented, that is a little bit too prescriptive. That is the difference.

To be honest, I am not really an expert in this area. I simply feel that regulatory flexibility is needed, given the nature of AI and the fast-changing landscape in which we live.

Alexander Stewart: Thank you.

Patrick Harvie (Glasgow) (Green): Good morning. It has been suggested that, particularly from the US perspective, the EU's approach to regulation is too restrictive. There is nothing new or unique to AI in that dynamic. For many years, there has been a tendency in the US to emphasise economic opportunities from innovation, even if they involve, for example, more release of toxic

chemicals, more rat faeces in the food chain—as one of the regulations that has just been ripped up allows—or other forms of social and environmental harm. In the European context, the tendency is to emphasise the benefits that regulation is intended to achieve. Therefore there is nothing fundamentally new or specific to AI in that dynamic.

I wonder whether you could unpack this quote from the Royal Society of Edinburgh's written submission to the committee:

“the UK could choose to bring the two approaches together to maximise the opportunity whilst ensuring there are effective regulations”.

It seems to me that those approaches are opposites, so we will have to pick one. Any effective regulation that achieves a social or environmental benefit or a public protection will, to some extent, constrain economic opportunities. For example, I could aim to maximise the amount of ice cream that I eat while ensuring that I do not get fat, but that will not work. Surely, we will have to pick one.

Professor Schaffer: Of course there are trade-offs. Patrick Harvie is absolutely right that, in some sense, there is nothing new under the sun when it comes to regulation, how one characterises the US's approach versus the EU's and so forth. However, the speed with which AI technology is changing is fundamentally different, whereas rat faeces are always going to be rat faeces, right?

I will give another example to show just how quickly things are moving. A book written by an Oxford academic was published in January 2021. It was called something like, “A Short History of AI”. Was that it? [*Interruption.*] Yes, I think that was it. The book included a list of problems and dates for when they were solved. As of early 2021, six or seven issues were listed as being nowhere near solved, including: understanding a story and answering questions about it; writing an interesting story; and interpreting what is going on in a photograph. Those problems are now solved. That list was published only four years ago and it now stands at around 85 per cent solved.

One wants a regulatory regime that can be prescriptive when that is important and essential, when that is easy to define, but flexible enough so that it is not so hardwired that it is incapable of responding to those new changes. I do not think that it is a choice of one or the other. It is about designing a regime that is fit for purpose, is flexible enough to move with the technology and brings consumer protection and benefits to society.

09:15

Patrick Harvie: That is what you described as the moving target problem. Someone made a

comment a few minutes ago that was relevant to that aspect, which was that the EU's approach seems to be grounded in how AI is deployed in specific contexts, but that changes all the time. If we regulate for particular purposes, an AI system designed for one purpose may end up being trained for a completely different purpose and then used or reused for other purposes altogether, so even the EU's approach to regulation is not hitting the mark. Is that fair?

Professor Basiri: Yes. The EU takes a risk-based approach and it gives a lot of examples—healthcare technologies, for instance, are high risk. Anything new that comes in—I do not know what that would be, although I wish that I did—would need self-assessment to see whether it is high risk.

Other places have different approaches to regulation. The regulation may be heavy, but it is based on values. For example, regardless of the technology, if the affected group is under 18, the technology must be reported to an oversight group for a decision on whether it is high risk. It does not matter whether you have developed a healthcare technology or a social media platform, regulation is based on who is going to use it.

Other approaches look at the foundation or the platform. Some US states use the approach of platform independence, rather than regulating whatever is put on the platform. There is also net neutrality: the internet is not liable for anything that we do. Those approaches can be applied to AI applications. Regulators can say that a development needs to be transparent and explainable, but an application that builds on your large language model is not your responsibility.

It would be very hard, however, to regulate a foundation that is not built here. For example, the Norwegian language is so difficult that they wanted a new large language model for Norway, so they developed it themselves, and their regulation and everything else is based on that. Of course, there is access to other models as well. In the UK, we are heavily reliant on things that are built elsewhere, so regulating the foundation would be very hard, unless you ban it, basically.

Patrick Harvie: That is why I wonder whether, instead of attempting to regulate the specific types of technology that can be used, we need to attempt to regulate human behaviour in relation to those technologies, and to regulate with a view to protecting people. I see nothing in the EU approach that frames the issue as being about how we protect people.

My last question will use an example from today's news headlines about the requirement for new laws on planning a mass casualty attack. Professor Basiri, you talked about Instagram

posts. Instagram is not legally responsible for the posts of its users. If AI continues to accelerate and we have something closer to true artificial general intelligence, who would be committing the crime if an AI agent had done the planning for such an attack? The Prime Minister has said that people should not spend their time doing things that AI can do better, but once that encompasses everything, where is the protection for people's roles in all this? Do we need to reframe the challenge of regulation as being about protecting the human intelligence?

Professor Basiri: That is the approach of some countries, which look at how humans are being affected by what is called "enabling technology". For example, Instagram is not liable for what someone posts, but it could enable a suicide, so it needs to protect against that. That applies in those types of extreme cases. If a company allows anything that is extremely inappropriate to be accessed by a child, that may cause damage to that person, and the company has enabled it because it did not protect against it.

To go back to the previous question, I feel that the approach that you highlight might provide more flexibility to build on current regulation. We have a lot of rules and regulations and best practices that allow us to protect humans from all the other threats that may happen. For example, if someone punches me in the face, that is physical assault. The digital version can involve simply a revision of that rule.

Looking at the human as the centre is a better approach with regard to using existing regulation. In many cases, AI does not need special treatment in regulation; we just need to regulate the way in which it behaves in society. As you say, if an autonomous agent is doing certain things, someone is liable for that. We can look into a lot of things in that respect, not only within the current rules but with regard to the enabling aspect.

Patrick Harvie: Which countries are you referring to that take that alternative approach?

Professor Basiri: Part of what Singapore does is about taking that approach; Japan also has some aspects that are related to it. Those are the two main countries, but there are a few more—I can think about it a little longer and come back to you.

Patrick Harvie: Thank you. Professor Schaffer, did you want to add anything on that?

Professor Schaffer: No; we covered that issue in the working group and I am wearing my RSE hat today.

Patrick Harvie: All right—thank you.

Stephen Kerr (Central Scotland) (Con): Good morning. You have said a lot of interesting things

so far, but I want to nail this down. This is pretty much a reserved policy area. Would you agree?

Professor Schaffer: Pretty much.

Stephen Kerr: Professor Schaffer, you are very strong on the point that this issue is separate from the TCA.

Professor Schaffer: Yes—again, I am wearing my RSE hat, and that is the RSE view. It is pretty much separate. In principle, it is not, but in practice, it will be.

Stephen Kerr: If you take your RSE hat off, do you have a different personal view? I would be interested to hear it.

Professor Schaffer: No, no—I do not. I am just being quite careful. This is my first time before a committee and I am making sure that I stay on script.

Stephen Kerr: Well, you are doing very well, so you should not worry about that. *[Laughter.]*

Professor Schaffer: Okay.

Stephen Kerr: In your paper, you say something very interesting, which is kind of tangential to what we are talking about, about the word “reset”. We have been using that word a lot—in fact, the UK Labour Government has been using it as well—and it obviously carries a lot of heavy meaning. However, you clearly say:

“The term ‘reset’ is ill-defined and widely rejected in EU circles.”

Do talk a bit more about that.

Professor Schaffer: Okay, I will take off my RSE hat and quote Humpty Dumpty. In “Through the Looking-Glass”, Alice says to him, “That word doesn’t mean that”, and he replies, “When I use a word, it means what I want it to mean—no more or less.”

The word “reset” is used differently by different people. Instead of focusing on the word, therefore, it is probably better to focus on the substance. I do not think that it is realistic to expect cherry-picking to be feasible, or to expect any sort of large-scale movement on the part of the EU with respect to the TCA. It is what it is, and there is room for developments alongside it, but the TCA itself is not going to change in any substantial way.

Now I will put my RSE hat back on.

Stephen Kerr: I think, from your observation, that Humpty Dumpty was probably a politician, and we all know what happened to Humpty Dumpty. *[Laughter.]* That is very relevant.

In the same paragraph of your submission to which I referred, you talk about

“opportunities for cooperation in new areas”.

Having read the evidence in the committee papers and listened to you this morning, I am still not sure exactly what that co-operation would look like. Patrick Harvie’s questions and your answers have been very instructive, but I am not entirely sure what it would look like. I refer to what Professor Basiri said about the role that the UK might play in the US and EU approach. Do you have any insight?

Professor Schaffer: I will go first. Because it covers everything else, the role is going to be idiosyncratic. Co-operation in security and cybersecurity looks very different to co-operation in computing power—just by the very nature of those things—and that is also going to look very different to co-operation on intellectual property and copyright and artist rights. The role is so heterogeneous that it is difficult to characterise.

With my RSE hat off again, I expect there to be lots of very different opportunities, which could be pushed forward a little bit, or maybe more than that. It is very difficult to characterise in a single paragraph or a few sentences.

Stephen Kerr: Given the nature of the EU, and its insistence that we lock ourselves in to its regulatory approach, it would probably expect us to abide by the European Artificial Intelligence Act 2024, which you referred to. You have not talked about that in the most positive light, in regard to how we can take the most advantage of AI and also protect ourselves from its dangers. You said that we want to be at the cutting edge, as opposed to taking the EU approach, which seems to be having a stifling effect, if I understood correctly.

Professor Schaffer: Yes, but the AI act does not cover security, for example. There are lots of things that are not covered by the AI act.

Professor Basiri: That is so true; a lot of areas are not covered by the AI act. It is a risk-based regulation about how we should handle things, and we have agreements on other things that we can move towards—security is one of them; we have agreements about net zero and so on. I am not saying that that is exactly the same, but that could be a model for working with the EU on a specific subject, such as AI, because, as Mark said, there is only one term about digital trade in the TCA. It is a good opportunity to say, “That is not good enough, so we need to have something alongside it.”

Stephen Kerr: Okay, that is very interesting.

You said that the UK had a role to play in the emergence of some kind of regulatory framework around the application of AI, or perhaps—to follow Patrick Harvie’s line of reasoning—in how people interact with it and utilise it. What role does the UK play in that? We are between the United States, which has one dominant philosophy in almost

every area of human activity, and the EU, which is at the other end of the scale. Where does the UK fit in and what is the role that you described?

Professor Basiri: Some of the closeness in values between the EU and the UK means that, whether we follow the same regulatory approach or not, we will have the same result. An example is the general data protection regulation and what we had after that. It will be almost the same at the end, but the UK will take a different approach.

The AI act in the EU is looking at applications. If we look at anything else, such as protecting people, it is very likely that some applications will require the same sort of governance and regulation that we will end up with, because, ultimately, how the EU evaluates risk is based on risk to people rather than the risk of the application on its own. It is very likely that we will see some sort of alignment in some areas. It is more about the approach to evaluating risk and whether our national values align on whether a risk is threatening or not.

There is work that the UK can do in terms of the US. The EU is a very attractive market and we have seen before that, for example, Meta changed a certain setting because of our GDPR rules and regulations—it did so for all of them, actually. Basically, if US companies think that they will lose a market just because of that, I am sure that they will be willing to negotiate a certain approach. The UK is perhaps best placed to convene a sort of round table and bring together the EU with its extreme approach, as you described it, and the companies who might not be willing to follow any regulation. Our role could be to bring those two views together, because I see the UK's position as being almost in the middle.

09:30

Stephen Kerr: Going back to the geopolitics of the moment, any restriction on American-owned businesses is seen as an affront by certain people who are in power in Washington.

Professor Basiri: I am not an expert on that subject. My response would be to point to previous examples—such as how Apple changed certain things because of GDPR in the EU—because it wants to sell its iPhones. The same goes for Meta and so on.

Stephen Kerr: Do you think that kind of accommodation is already going on, then?

Professor Basiri: We have seen a lot of changes being made to privacy settings across all social media platforms, solely because of the need for GDPR implementation.

Stephen Kerr: As I understand it, you seem to be saying that the issue is not polarised, and happy mediums already exist.

Professor Basiri: If companies think that a market will be missed because of a high risk to certain citizens, they will change certain things. I sincerely hope that some other countries have also got the same values and approaches to such technologies, of which a lot are in their infancy.

Stephen Kerr: Does Britain's high adoption level of those types of new technologies help its influence? We have high levels of adoption, do we not?

Professor Basiri: Well, China has its own model, whatever it calls it. It is the equivalent of what we have—ChatGPT and so on—because it realised it did not want to adopt—

Stephen Kerr: It is called DeepSeek.

Professor Basiri: Yes, although I think that its pronunciation is slightly different.

Some other countries are developing their own models because they thought, "Okay, that is not what we want." Our adoption is, proportionate to the population, higher than is the case in some countries. However, in general, the UK is, although powerful, relatively small in the landscape due to its population. Mark might have a different view on that.

Professor Schaffer: That is absolutely right. The EU is an enormous market. Its population is much greater even than that of the US—

Stephen Kerr: It is 500 million.

Professor Schaffer: —and US companies take access to the EU market very seriously, because money talks. The UK is not a very big market, but it is influential and next to a very large market. It also has a kind of soft power in that it punches enormously above its weight in technology development and so forth, so there is scope for it to be influential. However, in terms of the actual market, the UK is a medium-sized country that is much smaller than the EU, so it just does not count as much—that is just the way it is.

Stephen Kerr: It is 70 million people versus 500 million people.

Professor Schaffer: Absolutely.

Stephen Kerr: My last question is about Scotland's opportunity, because our Parliament is, rightly, laser focused on Scotland. In your paper, you talk about that, but I am interested to hear you talk a bit more about your view of the strategy for AI compared to that for broader tech—robotics, automation, the machine learning stuff—and whether Scotland has a unique opportunity. I think that you are suggesting that AI should be bundled

into a much more ambitious, broader strategy. Is that right?

Professor Schaffer: I will take my RSE hat off. My personal view is that Scotland's opportunities are not unique when it comes to adoption. However, there are some unique opportunities in participating at the technological frontier and moving that frontier forward, because Scotland and the UK generally punch above their weight in those areas. The question relates more to Ana Basiri's area of expertise, so I will defer to her.

Stephen Kerr: Do we have any comparative advantages in that area? Should we have a broader strategy?

Professor Basiri: Within the UK, Scotland is a very attractive AI growth zone, partly because, if computing resources need to be set up, you need relatively cheap land and the infrastructure to provide electricity, and Scotland already has a lot of big data centres. For example, DataVita has grown massively and is growing even bigger. In that sense, having such infrastructure at least partly in Scotland seems to be a reasonable approach for the UK Government.

On the development of talent, our universities have a disproportionately higher level compared with the UK average, and that is a good advantage to have. Given the relatively sustainable funding model—no matter the arguments about whether funding is lower or higher in England—it seems that it is easier for those universities to adopt new AI approaches in education for the market and to prepare them a bit more quickly. Many universities in Scotland already have that as part of their strategy.

In relation to talent and infrastructure, which I call the foundation to be flexible for whatever will happen with AI in 10 years' time, Scotland seems to be a very attractive place within the UK. It is possible that Scotland has the same advantage when we go a little outside the UK. For example, Microsoft put some of its data centres underwater in the north-west of Scotland because—I do not know—the water is cooler. That will be a novel approach in project Natick. Microsoft had the whole planet to choose from, but it came to Scotland for that project. Another reason for coming here is that it is a bit easier to have discussion between the Government and some of the companies here.

In Scotland, we call Edinburgh the data capital—although I am not sure whether people in the rest of the UK call it that—in relation to the EU, so Scotland is unique in relation to that data. I can mention a few things about Scotland that are globally unique. Data sets are collected in Scotland because of the way in which our national health service functions, for example. NHS

Greater Glasgow and Clyde has the biggest centre for health data in the UK. Those are some of the things that give Scotland a unique position in the UK. If the UK plays a role in the EU having some sort of negotiation with the US—as Mark also mentioned, the UK market is not big enough on its own—we can build a very good platform for Scotland. I would not say that we will lead that, because there are still other things to do, but Scotland is in a unique position because of its infrastructure and talent.

The Convener: I would like to clarify something. You said that a lot of that is to do with discussions between the companies and the Government. Do you mean the Scottish Government or the UK Government?

Professor Basiri: I am not sure. When I talked to people from Microsoft, they talked about "Government". I do not know which one they were referring to, but I can explore that and come back to you.

The Convener: That would be really helpful. Thank you.

Keith Brown (Clackmannanshire and Dunblane) (SNP): This has been a really interesting discussion, even though it is probably not completely aligned with the nature of our inquiry.

I first came across the Alice and Humpty Dumpty quote in A level politics, not in literature. I do not think that that means that Humpty Dumpty was a politician, but perhaps Lewis Carroll was. The quote is something like, "When I choose a word, it means exactly what I want it to mean," or words to that effect.

If we have to choose how we regulate, surely one of the fundamental things is that we should take a rights-based approach. We should all know when AI is being used, and we should have some explanation of how it is being used—in theory, even if we do not understand it—at the point at which we consume it. I realise that that is more difficult in the security space, but it applies generally.

I should say that the convener mentioned that she and the deputy convener are on the EU-UK Parliamentary Partnership Assembly, and I am on the Council of Europe, and those bodies discuss the issue quite a lot.

Especially if we have platforms that are produced elsewhere and we are trying to overlay a regulatory system on those, surely individuals must have the right to know when and how AI is being used.

Professor Schaffer: I am not sure about the "surely", because there are grey areas.

I will take off my RSE hat again, because we did not discuss that issue in the working group. Consumers and citizens should be well informed, but is it always practical to know when AI is being used? If there is a helpline that consumers call, and there is a little shunting before they go to a human, and that is done by an AI—there is no substantive discussion except that it shunts them to the right place—do they need to be told *ex ante* or when the phone is answered? Maybe, but it is not immediately obvious that trivial uses need to be regulated in that way.

The principle of informed consent, informed citizens, informed society and taking society and citizens along with the structures that are set up is a “surely”—it is absolutely right. However, when it comes to micro-level applications, does that need to happen always, all the time, every time somebody uses AI? Personally, I am not so sure.

Professor Basiri: There are four elements. Before I go into the four that I have written down, I would say that one of the issues with the Artificial Intelligence Act is that, under it, if something is high risk, you need to report. What Keith Brown is suggesting would apply even beyond the high-risk cases. Something could be low risk, but I would still need to self-assess and report, which might be very burdensome, so many companies and even users would just not follow the rule because it would be so restrictive.

Such a rule would also be hard to implement, because of the nature of AI. For example, how do we define AI? If I use Microsoft Word and it gives me a suggestion, is that using AI? Maybe. Should I report it to Government? Maybe Government does not really need to know that.

Another point is that, with most other technology, we can distinguish the technology from the user interaction and data. For generative AI, it is very hard to distinguish the two—the data and the actual model. That is one of the issues. You may use my data to produce something, and I may not give you consent, but that is still your model. That raises all the issues related to IP, GDPR and so on.

I very much agree with the points about AI literacy, risk literacy and educating people to use generative AI responsibly. We need to train pupils and students in schools and universities so that they know that it is okay to use AI to check their grammar, as long as they understand what they have done wrong—that is not a crime and they do not need to report it to anyone—but that it is wrong to use it to do something else, because that will not work. I really hope that there will be some sort of education, best practice, policy or even regulation that encourages universities and schools to enable that sort of literacy in AI.

At the moment, people are scared. A survey of our students at university level found that, because they are scared of being falsely accused of plagiarism, they do not use AI, or, alternatively, they are scared that it is so good that it is going to replace them—although it is not that good. If we go down the education levels in society, the situation is even worse. Some people think that AI can answer anything—again, that is not true—or that it is so stupid that it cannot be used, or they do not want to use it, because it will replace them if they give it the data.

Literacy and education are key in making sure that developers are aware of the risks. As a computer scientist and statistician, I never had any course in ethics. I am not either against or in favour of having an ethical framework, but the situation is not the same as it is for those in medical science, who learn about ethics from day 1 because they have a knife in their hand.

09:45

What I develop is something that should function—if it fails, I debug it. However, that is not how we should treat it in relation to society. I should not release an app that everybody uses, and then, “Oops!”—that is not the correct approach. That break-and-fix culture in companies, which is heavily embedded in the silicon valley model, should be addressed here. If we want to have home-grown AI, it must involve being responsible from the moment of conceptualisation until the moment that it reaches a user. That person may not have any level of education, but they know what the result will be. I hope that that element of education is included in regulation at some level.

Keith Brown: I suppose that I was not arguing for something that would require university training to understand it—I am talking about a more basic consumer right. I appreciate Professor Schaffer’s example of a call centre, but it seems to me that that is much more mechanistic; you wait for a few seconds before somebody speaks.

The idea that I am talking about relates mainly to disinformation in either images or language. It also touches on intellectual property; in the next session, we will hear from musicians, as the issue is very important for them. When someone has been using AI, I am not saying that it has to be labelled, but it, and the purposes for which it has been used, should be discoverable.

You mentioned the gap a number of times—there is always a gap—and you have both mentioned how fast moving this area is. Regulation, or policing, often has to catch up with what is developing in a lot of different fields. However, AI is moving so fast that the gap can be

huge, and so much can happen before the law catches up with it.

This question might be facetious, and it is probably born of my ignorance. Nonetheless, is it possible to consider—or is it being considered—that AI itself might present the best opportunity for policing and enforcement? If we use AI to anticipate what AI is going to do, we can use it to help to regulate AI. Is that being looked at just now?

Professor Basiri: I work with some Government departments. You may have read the “Use of artificial intelligence in government” report, and the “AI Opportunities Action Plan”, which is a playbook that was published very recently and looks at how we should, and do, use AI in Government departments. Those show that using AI may be the right thing to do.

Of course, we have a lot of people who are using AI for a good purpose. However, when we talk about using it for policing and security purposes, we should also be aware of the fact that some of the threats are beyond the human scale. There are agents trying to produce certain pictures and so on—those are bots, and they are not human. It is beyond the scale of humans to respond to those non-human bots.

If we do not do anything for our cyberdefence, which includes policing and other aspects, we are going to fail, for sure, because there are a lot of autonomous agents that are going to attack our systems and report and release a lot of data. There is a limit to our education. I totally agree that the regulatory side of the Government and policing should be involved in that.

Keith Brown: It is not dissimilar to the use of ethical hackers, who are used in Dundee in particular.

You talked about data; there is a lot of discussion about where Scotland and the UK stand on that. From reading between the lines, it seems that you are suggesting that we—both Scotland and the UK—sometimes big ourselves up to be bigger than we actually are.

You said that we are lagging behind in some areas, especially in recruitment and personnel, but that we are perhaps at the leading edge of technological development in some cases. Is that hampered by the fact that, as far as I know, Scotland does not have a supercomputer? That has been discussed a lot recently in relation to the University of Edinburgh; the supercomputer is going to the Oxford-Cambridge corridor instead. I do not know what you would call it—I do not even know if it relates to AI, to be honest. You have talked about data and storage of data. Is not having that computing power in Scotland a big constraint?

Professor Basiri: I can start. With regard to computing power and computing resources, the fact is that we do not have a national infrastructure for AI. As you rightly mentioned, people have been discussing a supercomputer that is 20 times faster than the previous one, but there are things in the “AI Opportunities Action Plan” that I really hope will be contextualised in real time. That is one thing to consider, if we want to look at generative AI and our foundation model in the UK.

There are other elements to consider. For example, there was a report about the national grid and whether the sort of increase in electricity that would be needed in the UK was even realistic. If we are looking at having something like that by 2026, six times more electricity will be needed. A big part of that will be to do with digital—I am not saying that it will all be to do with AI—but we are not capable of delivering that.

This is another one of the advantages of Scotland that we have previously talked about. We are one of the nations that is actually looking at all aspects of net zero. Indeed, that is why some of our data centre sites are completely net zero. Again, what is relatively more attractive is that we are very close to some of the resources that can be used for cooling down data centres.

We might not have our own supercomputer or the computing resources that are required, but there is the talent element to take into account, and we are above many other nations in that respect. If I remember the numbers correctly, we have trained 22,000 AI-relevant experts over the past 10 or so years; I am not sure how the term “AI-relevant” was defined, but we can assume that the US is first on the list, then it is Germany, then Finland, and then us. It is not just to do with population levels—after all, Finland does not have the biggest population, nor does Germany. It is to do with the legacy of our universities and our education system, as a result of which you see the top four countries coming from the western side of the world. That, of course, is another matter. We need to invest in universities if we are to invest in a supercomputer.

As for data availability, I think that we already have good data centres, but what we really need are computing resources, such as graphics processing units and so on. At the moment, different companies are purchasing for their own needs, and things are relatively localised and scattered. However, our nation’s relatively small size allows us to have something a bit more centralised and to bring all of these little investments together into something much bigger. We could have something that was delivered locally, but centrally managed by the Government, which would also allow us to have some consistent safeguarding practices. Again, different

companies have different security settings and so on, which is not really an efficient approach.

In short, I agree with you. Having that sort of national infrastructure with some Government regulation and support to protect it against a lot of the threats that would come would be a very reasonable approach.

Keith Brown: I have a very quick final question that follows on from what Professor Basiri just said. I do not know whether you will have views on this, too, Professor Schaffer.

On the point about losing personnel—I note that University College London was mentioned—it seems to me that, because AI is going to dominate in so many areas and because it will be so crucial to the economies of different countries and their future, we should really be a bit more assertive about how we get it. You have mentioned the absence of Erasmus+, and we are not getting what we need currently—because of Brexit, in my view.

However, the fact is that UK Governments past and present have been pathologically opposed to immigration of any kind. When the US did the same thing a number of years ago, they immediately had to reverse it, because they were losing some of the best minds in the world, who could no longer go to universities in the States. Is there a case or any scope for the UK Government to look at either exemptions or special cases, for example, to encourage the best brains to come here?

Moreover, when I was in the military a long time ago, you could get training to be what was then called a telecommunications technician. It involved a year-long course, with a lot of investment from the Government, and anybody who undertook it was obliged to stay in the armed forces for five years. Is there a case for saying that somebody who benefits from a special visa to come here has to pay it back by staying for a period of time? Might that stop the dispersal of personnel elsewhere?

I am just interested in hearing your views on that. Do you want to start, Professor Schaffer?

Professor Schaffer: Yes, absolutely, there is scope for that. However, as you say, there is this pathological—I should take my RSE hat off when I use the word “pathological”—resistance to immigration, although it is political in origin and that kind of thing can change. My own assessment is that the direction of movement is changing. I might add—and again, my RSE hat is not on—that what is happening in the US and the impact that it is having on the academic sector in the US presents the UK with a fantastic opportunity for recruitment.

Professor Basiri: I totally agree. We have introduced some models, such as the global talent visa, which has AI as one of the areas that it covers, and the Turing fellowship. There are very few people involved in them, I must say, but they are the people that we want to attract. I do not think that those models have been very effective, although it is probably too early to decide—I should take that back, because they were introduced only a few years ago.

I agree with Professor Schaffer that there is a great opportunity. We are seeing some discussion. Some of the leading researchers in universities have been talking about the issue, and Scotland and the UK have always been very attractive locations for them to move to, because the language barrier and cultural aspects are a bit easier. This is a moment to actively talk to people.

However, when it comes to companies, I do not think that we have the same model as the US has. I do not think that it will happen easily unless we change the model that we have here. There are very few examples of companies that have stayed in the UK and are still successful. DeepMind was probably the only one, and that followed a very different model. All these companies are virtual, really—they are all around the world, or all around the country. DeepMind was probably the only good example of a very successful company that stayed, but it joined Google, so I would say that it would not be considered to be part of that model.

There should be a conversation. If we are thinking about companies rather than academics, researchers and research and development institutions, there should be a slightly different model to attract talent.

Keith Brown: Thank you.

The Convener: You spoke earlier about ranking and Germany and Finland, and about Scotland being among the top countries, but do we really know what is happening across the world? I am just thinking about the Chinese disruptor and the release of DeepSeek and Manus. Are those rankings maybe a bit naive, given that those were complete market disruptors when they were released?

Professor Basiri: I will clarify what I said about the rankings. When I talked about Scotland being fourth, I was talking about the talent we have trained. We have not seen any numbers from China, but I know that they are behind us. I do not know how the rankings are calculated, to be honest, because, in proportion to the population, China should be ahead of us even before we start.

I said that we are third on AI readiness, and China is still fourth. China is also second after the US in investment, but it is top in terms of increasing investment.

We all know how we can play with the rankings, and when it comes to that, the UK and the EU together are third in terms of investment in AI. Before the AI action plan and any Government commitment of money—I still do not know exactly how much that is—we were not even in the top 10.

How much we invest is a massive problem and I am sure we will see its effect in a few years. Other countries, even smaller ones, are already putting in a lot of resources. For example, the whole city of Singapore is the size of Manhattan, and it puts more money into the application of AI than the UK Government does. That means that we will see, if we are not seeing it already, that Singapore is ahead of us in AI readiness, although there are different definitions.

We are still in a good position but, given the investment that Singapore has put into AI, I do not know whether we can maintain it.

The Convener: Thank you. We move to George Adam.

10:00

George Adam (Paisley) (SNP): Good morning, everyone. The discussion has really been quite interesting. I am trying to get my head around where we go with regulation of the whole process.

As we have mentioned, there is fear among the public. Take me and my wife, for example. I am using a form of AI during the meeting because it takes better notes than I do and I need and want the data so that I can use it at a later date. However, it has taken me about five years to convince my wife Stacey to get a robot Hoover because she has a fear that robot Hoovers will take over the world at some point—I do not think that I am being flippant when I say that. How do we address such diametrically opposed views when we try to regulate AI in the future?

Professor Schaffer: Do you mean how do we keep public support for regulatory approaches?

George Adam: Yes, because we could end up in a situation similar to the one with social media, which was a thing that nobody worried about and then, all of a sudden, there was a problem.

Professor Schaffer: Okay. I guess that it is about trying to be ahead of the curve and, in terms of public support, it means being seen to be active and on top of it. People's reactions to new technologies over the centuries have always been like that—resistance to and fear of new technology is not a new phenomenon. However, the speed at which AI is spreading is unusually fast, so it is a challenge for people in public office such as yourselves to keep the public abreast of what is going on and to be seen to be keeping yourselves abreast and on top of things. It is hard.

Professor Basiri: I really like the triangle analogy. There is a concept called technology readiness levels, which was coined by NASA. I am sure that you are familiar with the concept of AI, or with the actual technology in your hand. Technology readiness for AI is relatively high; it is already in our lives. However, as Mark said, similar to the situation with other technologies, that does not guarantee that adoption will be increased or that fear will be removed.

For example, we had a very good vaccine at the time of Covid, yet many people thought that it would put GPS in their body or do other really horrible things—I do not know all the examples of misinformation around that. When the vaccination policy came in, at least in England, we realised that there had been a policy decision that everybody needed to be vaccinated, and there was a conversation about education to remove the misinformation and disinformation around it. Social readiness came after technology readiness because of the policy readiness. Regulation will, of course, always come behind the technology, as was mentioned earlier, but they need to work together; otherwise, one of them will fail.

Education is probably the best approach—and by education, I do not mean formal, university-level education. Talking about the risks and dangers through public conversations will improve the two extreme views, which are, “It will take my job,” or, “It will take over the world,” versus, “It’s so stupid that I’m not even going to try it.”

For a technology to be successful and responsibly used, it is always key that, at some level, the triangle of readiness—technology, policy, social—needs to be ready. That is where AI needs to be. Technology readiness is relatively high. I would not say that social readiness is that high, but it is not at zero. It is the role of policy and education to come together and educate people; it is also for the developer of the technology to consider its responsible development and use—I would not separate the two. That would be the moment when I can sit back and relax and say, “Well, that’s good”.

George Adam: Professor Schaffer, stop me if I am misquoting you, but earlier you talked about academic work becoming almost obsolete after four years, because everything is moving so quickly. Maybe “obsolete” is too strong a word, but things had changed in the four-year period since a book was published. How do we maintain flexibility in regulation? If things are moving so quickly even in the academic world, how can regulation keep up with that?

Professor Schaffer: I was referring to academic work on legislation and draft legislation as it stood in 2021. You could say that that legislation is obsolete, because there was no

mention of large language models or generative AI in the drafts. That is the moving target problem.

Taking off my RSE hat, I would say that the UK approach is to direct, in a non-legislative way—I think that it is non-legislative—existing regulatory agencies and give them guidance on how to respond to new developments. That kind of regulatory structure is pretty flexible, can change fairly quickly and does not require long lag times because of the need to get things through legislatures and so forth. That is feasible—it is doable. Those academics were pointing to the fact that, if something is codified in law, it automatically becomes relatively static and can change only through further law and fairly slowly, whereas the approach that is being taken in the UK is more flexible and can change faster.

I have just a minor point in connection with your previous question. Yesterday, I was going through online training for my employer. I had to go through little courses on fire safety, GDPR and so forth. That is mandatory—I need to do it. It is not hard for me to picture going through six courses instead of five, with one of them being on what AI is, how to use it and what to do and what not to do. That kind of thing is not terribly expensive to roll out. It would not hit the entire public, but it would hit quite a few people and would not necessarily be a bad thing.

George Adam: Professor Basiri, you talked about ethics. Is there an argument for AI regulation on what we could call an Asimov principle, which involves putting humanity first in the regulation of anything that AI does and thinking about how it would harm humanity, rather than the other way round, in which you regulate the AI itself?

Professor Basiri: Yes—that is so true. If you attend any of the conferences related to the issue, you will find that that is the culture that everybody has. The problem starts when we develop technologies that we think are relatively neutral and have a lot of applications. We are very proud of them, but there are people who think that they can use it for certain applications that are a bit on the evil side, because they have other issues.

I am sure that, if you talk to anyone behind the main large language models, you will find that there is safety training in all those platforms. For example, if you ask ChatGPT, “I want to kill students in a school—what is the best and most efficient way?”, it should not answer you. It probably would not answer, although, at the beginning, it might have done. That is partly because someone in safety training added certain things that should be filtered. However, who decided what is safe? It would be some engineer in the OpenAI company. Would that person be ethically educated? I sincerely hope that the

answer would be yes. However, would their values be aligned with our values? Some of them might not be. Of course, we would all agree on suicide and mass destruction, but on other stuff, our values might not be aligned with those of some companies in silicon valley. That is where education about ethics and training for developers is essential.

George Adam: With regard to the actual regulation itself, however, what you say about regulating for that type of thing would probably almost fall inside EU territory.

Professor Basiri: Exactly—it is not unreasonable for the Government to see some of the safety training for some of the models. That is definitely confidential, for a good reason, because otherwise evil people would misuse it, but the Government is the authority.

I go back to some of the other regulations that we have—for example, the general data protection regulation, which covers private personal data. According to all the regulations, our privacy is a fundamental right, but it is not an absolute right. That means that we can violate your personal privacy if the national value, or a large group value, is in danger.

Who decides what is a national value? In a democracy, it is the Government, so I think that Government is mandated to be able to see those safety training and transparency elements in the AI models. I think that it is a very reasonable request—even if we do not regulate it—to see that for every single developer. As long as Government authorises it and says, “Well, we are happy with what Copilot has developed, because the data protection is aligned with our data protection principles,” some of the universities can use Copilot for their education, and the national health service can use it as part of its use of generative AI.

I really hope that the Government plays a part in that, whether it is the Scottish Government or the UK Government; I do not know how that would play out in terms of regulatory alignment. I think that what I have outlined would be a very reasonable request.

George Adam: For the record, I note that Robbie the robot Hoover has cleaned the floor efficiently and not shown any tendencies towards taking over the world—

Stephen Kerr: The maniac Hoover!

Patrick Harvie: That is what it wants you to think. *[Laughter.]*

Stephen Kerr: Strange things happen in Paisley.

The Convener: We are very tight for time, so we will move on.

Neil Bibby (West Scotland) (Lab): We have had an extensive discussion—we started by talking about the advances in technology that have been made over the past four years, and we have talked a lot about what could, and should, happen, and what is possible or feasible.

Professor Basiri, you said in your last answer that you are not sure what is going to happen in this area. Nonetheless, considering the advances over the past four years, where do you think that we—the UK and Europe—will be in five years' time with regard to regulation of technology?

Professor Basiri: I hope that there is some sort of agreement on some of the highly sensitive areas at least, where there is potential for us to work with the EU. That is probably our only chance to remain competitive. That is my personal view—I do not know if it is too strong. They include some of the things that are already mentioned in the UK Government's "AI Opportunities Action Plan", such as sharing computer resources—EuroHPC, for example. We may, in the future, have more shared resources in terms of infrastructure—realistically, we need them.

With regard to the talent, we should—I hope—join some sort of programme that enables us to work together. We could negotiate with US companies in order to get them to be more in line with our values. I do not know whether that is going to happen—that is my wishful-thinking approach. I hope that, in five years' time, our position remains the same, but is that realistic, given all the investment that other countries have put together?

Professor Schaffer: That is on my wish list as well, in shorter form—

Neil Bibby: Realistically? That was my question. We can talk about what is feasible and possible—we have discussed that extensively. Instinctively, however, do you think that it is realistic?

10:15

Professor Schaffer: It is realistic, I think, to be aligned enough to have access to the bulk of products in the EU market. Will we have it in five years' time? My guess would be probably yes, because things are still fluid with respect to the 2024 EU AI act and how it is being rolled out.

The interests of the UK and Scotland are very clear in terms of market access, so I think that influencing and adjusting to developments over the next five years so that that market access is retained is feasible, and not unlikely.

Neil Bibby: Thank you—I know that predicting the future is difficult.

Professor Schaffer: Yes—as my compatriot Yogi Berra said, "Making predictions is difficult, especially about the future".

Neil Bibby: If AI could tell me who is going to win the Cheltenham gold cup tomorrow, that would be very helpful, but I do not think that it can.

The Convener: I thank both the witnesses—I think that everybody has really enjoyed what has been an interesting and unusual session for the committee. Mr Brown touched on an area that is relevant to the committee as we go forward, which is about the protection of image, talent and music in our culture sector. There is a lot of concern about that. If the witnesses have any substantive information about that, or if the RSE has done any work on it, we would love to be able to see it. I am sure that we will return to the issue in the future. For now, I thank you both.

I suspend the meeting for five minutes before our second session.

10:16

Meeting suspended.

10:21

On resuming—

The Convener: Welcome back. Our second agenda item is to continue our review of the EU-UK trade and co-operation agreement by focusing on touring artists. We are joined online by Dr Kirsteen Davidson Kelly, who is artistic director of the National Youth Orchestras of Scotland; Lisa Whytock, who is the director of Active Events; and Colin Keenan, who is a booking agent at ATC Live. I offer a warm welcome to you all.

About 18 months ago, the committee held a round-table meeting on touring artists, at which we were told that there is a need to establish a Scottish music export office to provide funding to support tours and conduct lobbying for a cultural touring agreement within the EU. The view was that such a measure would provide financial support, reduce administrative burdens and help artists to navigate the increased complexities of touring in the EU. What are your opinions on those asks from the sector? Perhaps Lisa Whytock could start.

Lisa Whytock (Active Events): Hi there. I thank the committee for asking me to participate again—I was part of that round-table meeting 18 months ago.

It is still very much the case that a music export office is urgently required. The last time I spoke to

the committee, I was not fully prepared—it was the first time that I had given evidence. Therefore I would like to give members a bit of background about who I am and what Active Events does.

I have been a booking agent for 35 years, so I have seen many changes throughout the touring landscape for artists and the industry. I also run the industry export programme for the Celtic Connections festival, which invites the industry to look at Scottish artists for exporting. This year, we are dealing with 24 different countries

I also run Showcase Scotland Expo, which, to use another term for it, is the country's export office for folk, world and traditional music. I am glad to say that Showcase Scotland Expo recently became a recipient of multiyear funding. That was brilliant news, because it has given us stability for the first time. We now have three years' worth of investment, which enables us to explore more opportunities and more ways in which artists can be supported.

However, that work relates to only one sector of the music industry. My main concern is what is happening to artists now. To be honest, the situation has got worse over the past 18 months.

It is widely accepted, and has been for some time, that touring and the live industry are the most important elements of an artist's income since the advance of Spotify and the demise of record label investments. That live income has been essential to sustaining artists, and, of course, artists sustain the rest of the ecosystem. They sustain me and Colin Keenan as booking agents, they sustain venues, they sustain festivals and they sustain crew, so they are the very pinnacle of everything. Without the artist there is nothing.

My concern is for what is happening to artists, because the costs that are associated with touring have spiralled absolutely out of control. We have the situation in which, as I think I said at the previous committee meeting, it is essential for Scottish artists to have an international career, because Scotland is too small a nation to sustain professional musicians—they have to export. The costs that are associated with that exporting often now mean that when an artist goes to Europe, the crew get paid, the agent gets paid, the manager gets paid, the bus company gets paid, but the artist takes home absolutely nothing. That begs the question, why would artists continue to do it?

They invest in their own career, but there needs to be investment at a level that enables and sustains them—proper investment—and which adheres to a fair work policy for musicians. It really is now much more difficult, and the situation has not improved over the past 18 months. In my experience, it has actually got worse, and that is largely to do with the fact that Scotland's music

industry is, by and large, an independent music industry. Although some organisations are associated with big multinationals, not many are. The majority of our music industry is made up of small and medium-sized enterprises.

The establishment of a music export office is urgently needed. I was interested to read the Musicians Union report that was submitted to the committee. The fact that it says that 72 per cent of artists are doing less touring work in Europe is in itself evidence of what is going on. The investment in export is recognised by the UK Government. You will notice that it recently announced a £1.6 million investment in the music export growth scheme. In theory, Scottish artists can apply for that, but in practice, it is not appropriate. In fact, there is only one Scottish artist out of 58 successful applicants for that £1.6 million. MEGS, which is its abbreviation, pays in arrears so, basically, if you are applying for a £50,000 investment, you have to have the funds to front that. If artists had a spare £50,000 lying around, they would not need a music investment fund.

In my view, MEGS is designed for the record labels and artists based in London. It is interesting that if you take those 50 artists and calculate the average spend on each based on that £1.6 million, it is around £27,000 to invest in a new market, which is about right in terms of marketing, travel, transport and so forth. You can understand why a lot of the independent Scottish music industry and independent Scottish artists are simply doing less exporting. If you think about the consequences of that, you will realise that there is a real and present danger of artists saying, "Oh no. I'm not going to bother going to France for three festivals or to Germany for 10 days, because I won't be making any money." You cannot blame them.

10:30

So, what does that mean? It means that you have a dwindling and shrinking pool of professional artists who are based in Scotland. I can speak from example, actually: it comes from Canada, but it provides a good analogy. Just a couple of weeks ago, I was over in Montreal at a conference, and a band that I work with was showcasing there. They were offered a substantial amount of revenue for their first Canadian tour—about £40,000—but it did not add up: they were £4,000 short. They could not go on tour, all for the sake of £4,000, because they just did not have the money. If we had a music export office that said, "Come on, it's £4,000. This is an opportunity to break a new territory", then provided the band with that money, they would have gone on and done their first tour of Canada and would potentially have had a touring career over there.

The issue needs to be taken seriously. I was saying this 18 months ago, and it is still the case. I know—I believe—that the Scottish Government believes in a music export office, but it is important that we do something quickly, and I do not believe that a music export office is going to be established next year. I just do not think that that is going to happen; there will have to be a period of consultation, and things will have to be worked out. The question is: will what we get be modelled on Culture Ireland, on Wales Arts International or on the sort of music export office that I, obviously, think is needed? It will need a level of investment similar to that for Screen Scotland—and you can see the success that Screen Scotland has had in the film industry.

In the meantime, then, what do we do for our mid-sized artists who might be our future headline artists but who are thinking about leaving the industry, because they cannot sustain a living as professional musicians? What do we do? To me, the answer is really simple. An amount of money could be found immediately through an investment fund for musicians. I would argue that such a fund should focus very much on live music, because I think that there are other places where artists can go to get funds for recording; indeed, Creative Scotland does a very good job of supporting artists to record albums. I also think that live music is where the artists sustain their careers: it is understood that albums are sold on the road and, in fact, are released to support live tours. It used to be the other way around.

Therefore, the Government and, I argue, PRS For Music and various other organisations could come together quickly to provide an amount of investment that would allow artists to cover at the very least their international travel costs—whether they be slow touring, by driving or training across Europe, or otherwise—the cost of crew, the cost of accommodation and the cost of any visas that might be required. That would be a very welcome stop-gap and would provide an opportunity for artists to continue to export and to have a live career, while the plans for a music export office were being developed.

I cannot stress this strongly enough: there is a clear and present danger that in the next 18 months we will lose a bunch of artists who are incredibly important, and not only to the cultural diplomacy and exports that I know are really important to external affairs. There needs to be some discussion and some movement on this, because it needs to be done quite urgently.

The Convener: Thank you, Lisa, for that comprehensive answer. I am conscious that we need to get members in for their questions, so I must ask the witnesses to be a wee bit more succinct with their answers. That would be helpful.

I am not saying that what you had a chance to say was not valuable, Lisa.

I will now bring in Kirsteen Davidson Kelly on the export office issue.

Dr Kirsteen Davidson Kelly (National Youth Orchestras of Scotland): Hello. Thank you for inviting me to contribute. I do not have very much insight into this, given that our work is with pre-professional and very early-career musicians. However, having just listened to Lisa, I absolutely endorse all the points that she made.

In relation to the work that we do, we are noticing that, increasingly, our young musicians are opting not to go into professional music careers, the difficulty around which has been very well articulated by Lisa.

I absolutely endorse the notion that something needs to be done urgently on working towards the setting up of such an office.

The Convener: I will bring in Colin Keenan.

Colin Keenan (ATC Live): Hi there. Thanks for inviting me along to talk on this.

Lisa said everything perfectly, so there is not really a great deal that I can add. However, I will add a couple of little points.

Lisa said that, when artists go out on tour, they are the only ones that do not get paid. Why would they continue that? You have to wonder why they would. The costs are also spiralling so much that we are getting to a point at which the question is: how do artists even begin to do that in the first place?

Prior to working in the music industry, I was a professional musician. I toured, released music and whatnot. Now, on the other side of it, I am looking at the young artists coming through and am starting to wonder how they are even supposed to get going in the first place. How are they meant to be able to afford to get out there?

I was not at the previous committee meeting, but it is clear that there is an urgent need for such a funding body, and that it is needed across all sectors. Lisa works a lot with folk who are traditional artists. Kirsteen does more classical and so on, and I do a lot of contemporary indie music, and stuff like that. There is no musician in the country who is not affected; if they want to go out on tour, they will need support.

It is not free money that is being asked for—it is always an investment. We have had a similar situation to the one that Lisa described, when an artist could not afford to go to Australia as support to an arena level band. If they had managed to do that, they would have opened up Australia and, within a year, any funding that they had been

given would have been paid back and more—they would have made more than that.

That is where the best music exporters—the likes of Canada and Australia—get it. They see such funding as an investment that goes out in order to help people to build careers. In the long term, that money will come back to the Scottish Government.

I would really back up what Lisa said. That is it from me, for now.

The Convener: Colin, the examples from both you and Lisa are not in the EU. We are wondering specifically about the impact that Brexit and the trade and co-operation agreement as it stands have had on touring artists. Do you have examples of people being impacted when touring in the EU?

Colin Keenan: Touring within the EU continues to be an administrative nightmare. We are years after Brexit now, and we had expected that everything would be much smoother, but the reality is that it simply is not.

Border staff still do not have a uniform approach to how they are supposed to deal with people crossing borders. There have been some pretty high-profile examples of artists missing big shows as a result of their being stuck at a border for longer than they were meant to be.

An ATC artist missed a pivotal TV slot at Glastonbury, which can be a real game changer, because the border control staff on that day—this does not apply to all of them—simply did not know what they were doing.

Another band, which is not with our company, missed a show in Paris because of issues at the border. If a band goes out on a two-week tour, doing a big 2,000 or 3,000 capacity show in Paris can be the difference between their making money and losing money. Those are the kind of margins that we are talking about with live touring.

It is not just about ferries and whatnot—we are seeing it at airports. We give instructions to the artists who are coming through, including telling them what specific gates they need to go to and that they need to get their passport stamped and so on. However, there have been instances where artists have come in and have been told by airport staff, “No, that is wrong. You need to go to the EU gate and you don’t need a stamp,” and whatnot. As a result, they have ended up coming into the country illegally. It is not easy to fix those errors, although we have done everything that we can do to make that happen through the right channels.

On the process, I mentioned the COS, which there is a lack of clarity about. We have been told that the European entry/exit system and the European travel information and authorisation

system were going to come into effect in January, but as a company, we still do not really know whether they are fully in effect or not.

That just describes the bureaucracy, by the way—there are several other points that we could get into. The tax situation is really tough for many artists—in Spain in particular. We have gone from being an EU company that is taxed at 19 per cent to a non-EU company that is taxed at 24 per cent. Many more forms need to be completed—for example, Italy now requires that a brand new form be filled in order to make things work. So much work still needs to be done in order for us to have the smooth process that we really need. Lisa, would you like to add anything?

Lisa Whytock: I completely agree that the paperwork and bureaucracy are challenging, to say the least, and they are also time consuming, which costs money. In addition to the additional bureaucracy for Europe, the costs that are associated with touring—including transport, accommodation and the cost of living—are also increasing, as they are everywhere else in the world. Unfortunately, many independent festivals are not increasing their fees to match the higher costs, because their costs, for things such as generators and toilets, are also rising. One very well-known band in the folk world has said to me, “That’s it. We’re not going to Europe unless there are at least several shows that will pay a significant amount of money,” because bands are coming back from those performances with no income. The only people who are being paid are their crew and ourselves. It is not great. That is due to a combination of the additional bureaucracy and the touring costs.

Alexander Stewart: My question is for Kirsteen Davidson Kelly. The national youth orchestras are under your auspices. Normally, they have a European tour of some kind on their calendar. How has that changed for your organisation, and are there still opportunities for young people to go on tour? If so, what are you concerned about and what do you think is problematic? Can you tell us about any areas that you will continue to progress?

Dr Davidson Kelly: National Youth Orchestras of Scotland works with young musicians aged eight to 25 who are living or studying in Scotland, or are from elsewhere and have Scottish connections. We work at pre-professional and early-career levels.

To give some context that might be useful, I note that our current strategy is focused on widening access to our work, partly by ensuring that bursary support is available to everyone who needs us, so that finance is never a barrier to participation. Most of our activity takes place in Scotland. In fact, over the past 10 years, largely

due to the pandemic, our performances outside Scotland have been very limited in number.

However, our young musicians aspire to have more touring opportunities, because they feel that that will broaden their horizons. We know that touring develops professional and social skills and gives us an opportunity to represent Scottish musical excellence on international platforms, so it is very important to us. Last summer, we took a small group of musicians to Berlin for performances, and this year our full NYOS orchestra—our flagship orchestra—will travel to England, then to Berlin.

10:45

So, our touring activity has been very small in scale, but we have ambitions to increase it. The main things that concern me are on the practical arrangements and cost implications of the current situation.

To give you a practical picture of what that means for us, in April, a hundred young musicians from across Scotland and a couple of international musicians will meet together as an orchestra for the first time at a residential course. Our main issue is that, due to the current Convention on International Trade in Endangered Species of Wild Fauna and Flora requirements on exotic materials, we will need to bring in specialists during the course to check all the instruments. They will then have to create documentation to pass to our freight company certifying which instruments do not contain exotic materials. They will also give us a list of instruments that do contain CITES materials, then our young musicians—or their parents and guardians—will have to go off to acquire a musical instrument certificate and submit that to our office, which will be given to the freight company, then that company will have to get the certificate stamped in and out of the EU.

We do not have any recent experience of doing that, but I am aware of some of the issues around border controls that other people have mentioned. The administration of that certification adds several days to our workload and increases our costs from specialist advice and administrative fees. It also represents a potential barrier for young musicians whose families might be less able to support administrative processes.

My other point is that, although we do not think that the ETIAS will affect this year's tour, it will add a considerable administrative burden and a fee cost to any EU tours in the future. Clearly, every additional piece of administration and every cost increase adds to the challenge for small teams who are trying to provide opportunities for musicians to gain skills, experience and exposure through touring.

In our context, that adds to the risk that we will not be able to continue to resource touring and that some musicians will find it harder to engage because of perceived and real barriers. There are risks that the full cost of participation—the fee that they pay for their membership—will appear to be too high for them, and that they will not understand the bursary system, or that they will simply lack the support at home to complete all the administrative requirements.

We therefore advocate for cultural exemptions for the barriers to touring in the EU. As I said before, we also advocate for the establishment of an export office to support future careers for the musicians, which, as I have already said, they are finding increasingly hard to envisage because the landscape looks so difficult for them.

Alexander Stewart: Thank you. I know that time is tight, convener, so I will let other members come in.

The Convener: Is there a cost associated with the instrument certification? Does it cover the instrument for the whole of Europe, or do you have to get certificates for individual countries?

Dr Davidson Kelly: I do not know the detail of that. We are going to only one country this summer, and there is a small cost.

The Convener: Thank you.

Patrick Harvie: Good morning. You have all given a pretty clear picture of the level of chaos, disruption and confusion that there is for people who want to tour across a range of different European countries. You have shown that that has been exacerbated partly by the economic circumstances and the cost of living, but the fundamental and avoidable change is a result of Brexit and the way in which the TCA works.

You have focused mostly on people from this country who want to tour in Europe, but it is fair to say that there are similar impacts on venues and cultural events here that want to have artists visit from other European countries. If that has an impact on those venues and festivals, especially the smaller ones, that will cause knock-on harm to the wider sector.

What do you think of the UK Government's approach to addressing those issues? In its manifesto for last year's election, Labour said that it wanted to

"work to improve the UK's trade and investment relationship"

with Europe, and that helping touring artists would be part of that. Do you and the wider sector have clarity on what exactly the UK Government intends to achieve by way of repairing the damage that has been done?

To save a bit of time, I will ask my follow-up question now. Do you agree that the objective should be to restore as much flexibility, in relation to freedom of movement, as the EU will agree to? Should that be the UK Government's goal? Whoever would like to answer that can do so.

Dr Davidson Kelly: I think that the other two witnesses are hoping to contribute, but I will answer your second question first. Yes, the aim should be to restore as much freedom of movement as possible. I think that the others will have more to say on the first question.

Lisa Whytock: It is brilliant that the UK Government's stated aim and objective is to improve relations with Europe, but how relevant, in practice, will that be to Scottish artists? At the beginning of the session, I said that Westminster provided MEGS with £1.6 million but that only one Scottish artist out of 58 was successful in their application. Therefore, although investment in schemes such as MEGS is being made, how relevant is that to the needs of Scotland-based performers? That would be my first question.

Of course, it would be amazing to have as much freedom of movement as possible across Europe.

I want to touch on the previous question about the situation with artists coming to the UK. When an artist comes into the UK, they have to deal with one set of regulations. When artists export to Europe, they tend to go across mainland Europe and visit more than one country, so they have to deal with multiple regulations and tax systems. Therefore, in my view, exporting to Europe is much more challenging.

My answer to the main question is that I am not convinced how relevant the UK Government's activity plans will be for Scotland-based artists.

Patrick Harvie: I agree. I note that venues, festivals and events that do not have specific permission for visa-free travel might be looking to attract artists from a number of different countries. Each individual artist who comes from the EU might have only one issue to deal with in getting into the UK, but, in order for the event to be successful and a great contributor to the cultural landscape, it might have to try to support people from different countries in multiple ways.

Lisa Whytock: Yes. The most recent obvious example of that was the cancellation of the Celtic Connections Palestinian performance because of visa issues with artists trying to come into the country. However, artists from Europe who come to the UK, predominantly, have to deal with only one set of visa regulations and one tax system.

As a touring agent, I represent artists who are not based in Scotland, and so does Colin Keenan, so we are used to the challenges in relation to

what is required to bring artists to the UK. Britain is an island and it is only one territory, so there is only one set of regulations, but for an artist going to Europe, there are a number of sets to deal with.

Patrick Harvie: Got you.

Colin, do you want to come in on the question about whether there is any clarity yet on where the UK Government is going with any of this and the extent to which it knows what it wants to achieve to improve the situation?

Colin Keenan: There are on-going discussions with our English counterparts through a group called Live Music Industry Venues & Entertainment—LIVE—which has discussions internally and with the Government. I am not involved in those conversations, although we get updates now and then. From what I can gather, the Government has not set out any clear goals, which means that there is no timeline.

LIVE is trying to make changes happen that cannot be made in Scotland. It is arguing for a different VAT rate for culture, which most European countries have. We have done a study on that, and the UK is the second-worst country in Europe for VAT. If you are wondering why Beyoncé is going only to London and is not coming up here, that is because 20 per cent of the price of every ticket goes to the Government and we cannot pay her as much as our European counterparts can.

LIVE is working on some things that are set by the English Government, which we can leave them to. On the other hand, there are things that we can be doing ourselves, and those are the things that we want to push on.

To answer your other question: yes, we should be trying to get musicians out to as many places as possible.

Patrick Harvie: Thank you.

Stephen Kerr: It sounds as though it is a bit of a nightmare for touring artists to go just about anywhere at the moment. That is my conclusion from what you have all said, which has been pretty comprehensive.

I turn back to Lisa Whytock, who started off by giving a really full picture of the evidence. Do artists qualify for any form of export support other than the fund that you mentioned that the UK Government offered, which you said that you thought was biased towards London-based artists? Are there any other forms of export support?

Lisa Whytock: There are not any that support the proper ambition and aim of building a professional career internationally.

There is some money from a fund called made in Scotland onward international touring. Any artist who has performed at the Edinburgh fringe qualifies for the onward international touring fund if they have been seen by a promoter at the fringe festival. As you can imagine, musicians are eligible for that fund, but, predominantly, it favours theatre and dance. Artists can apply to the Creative Scotland open fund for costs associated with touring, but, as an open fund, it is competitive.

Therefore, there is nothing that is ring fenced that focuses on developing the international touring careers of artists.

Stephen Kerr: You mentioned that a music export office and an investment fund should be set up. I want to go back to those ideas, but before I do, I note that you talked about costs spiralling and the fact that the situation had got worse in the past 18 months. Is that tied to what has happened with inflation generally, or are there particular costs that have gone up that have hit touring artists but which might not be felt by others?

Lisa Whytock: Crew costs have gone up substantially. We saw that after the pandemic. For example, if you are an artist and you go to do one festival in—I will pick a place—Germany, that will involve a travel day there, the day itself and a travel day back. In other words, that will involve three days' worth of fees for all your crew. Crew costs have increased quite substantially, and I support—

Stephen Kerr: Are you talking about wage rates?

Lisa Whytock: Yes. In addition, the cost of travel—whether that is transport by bus or flights—has increased dramatically, as has the cost of hotels. An artist would normally get a fee, from which they would have to cover their crew costs, travel costs, hotel costs, per diems and, in some cases, childcare costs. All those costs have increased substantially, but the fees that are paid by European festivals or venues have not increased alongside that.

11:00

Stephen Kerr: Right—that is very clear. Is that also true for the rest of the world? Is it a global phenomenon?

Lisa Whytock: Yes, it is a global phenomenon. It is also to do with the economy and the exchange rate. Colin Keenan mentioned Australia and I mentioned Canada—I do not think that any of us is touching on the US at the moment. I know that this discussion is about Europe, but it is important to make that point, as we cannot isolate an artist's career to Europe—it has to be a global international career. The US was such an

important market for musicians, but the cost of visas has spiralled out of control.

In fact, as Showcase Scotland Expo, we are pulling out of supporting new artists in the US, because we feel that it is irresponsible to spend taxpayers' money on proposing a new market to developing artists that is completely unsustainable, cost-wise. I guess that, to an extent, Europe is the most important market because it is the most accessible. Even with the Brexit paperwork, it is still more accessible than the US, and it does not involve long-haul flights.

Stephen Kerr: Is that right? The EU is more accessible than the United States. That is an interesting comment.

Lisa Whytock: Oh, yes. For a band to tour the US, you would have premium processing on visas, which is about £3,000 per musician.

Stephen Kerr: How about Australia and Canada? Are they easier?

Lisa Whytock: They are accessible. However, the Canadian exchange rate at the moment is almost at 50 per cent—50p to the pound—which is a real challenge in touring Canada. Australia is accessible but, obviously, you have the cost of the long-haul flights and so on. When I say that Europe is accessible, I mean that you can drive there, in theory.

Stephen Kerr: Because of the time, I will make my next question a very quick one. What would the investment fund do? How much money are we talking about? What would the proposed music export office actually do? How would it make any difference to the obstacles and challenges that you have outlined?

Lisa Whytock: The independent analysis of what we have been doing since 2014 just for the folk world shows that our return on investment is 349 per cent to the musicians. That is from live bookings and live touring.

In the export office for folk and world music, we develop a strategy that assists artists with touring. That involves looking at strategies that will support artists, which can be showcasing, opening new markets or organising a focus on Scotland at festivals. For example, in the past few years, we have had a focus on Scotland at the Tønder festival in Denmark. Along with the Scottish hub in Berlin, we currently run Ceòlas Scottish music nights, which is a tour of Scandinavia that promotes Scottish artists. Last year, we had a focus on Scotland at the Cambridge folk festival and, this year, we have that at the Shrewsbury folk festival. All those are designed not only to open up access and opportunities for artists, but to educate audiences about the brilliant nature of contemporary Scottish folk music.

The current export office does all that. Alongside that, we are currently organising—this is relevant to your discussion with the previous witnesses—panels on artificial intelligence and whether it is a friend or a foe. We have also had panels on Brexit and stagecraft. The export office is there, in its entirety, to support the export opportunities of Scottish artists. Tied in with that, there is a level of cultural diplomacy. I would argue that that is particularly the case in the folk world, where artists are very easily identifiable as being from Scotland.

The music export office would do that for all genres of music. It would also oversee and support a fund for—*[Interruption.]* I am sorry—I have got a window cleaner in, and I am a bit distracted. The office would also support any investment fund.

Culture Ireland provides a great example in the ways in which it is able to support musicians. It provides—

Stephen Kerr: We are running out of time, so can you give us an idea of how much it would cost?

Lisa Whytock: I do not know. I think that MEGS amounts to £1.6 million and will support 58 artists at £27,000 a time. I have said to Mr Robertson on a couple of occasions that I think that the figure for a music export office would be in the region of £3.5 million, with additional travel funding required on top of that.

Stephen Kerr: Okay—that was very helpful. You have been a very good witness and I wish that we could have had longer with you, but there we go. I had better let someone else speak.

The Convener: I am afraid to say that Lisa has to leave sharply, too. We will just let you go when you need to go, Lisa.

Neil Bibby: Good morning, panel. We have heard extensively about the problems and issues that are facing the sector and artists, and we have received a submission from the Musicians Union that lays out a lot of the issues. Following on from the previous line of questioning, I would be grateful to receive more information on how the music export office proposal provides a practical way of addressing those issues.

We are talking specifically about the TCA and what could change in that respect, and we touched earlier on the UK Government's approach to the negotiations with the EU. In order to get any changes to any agreements, there has to be agreement from the European Union side. From that point of view, are you aware of any representations being made by your counterparts or any counterparts that you have in the EU? After all, this issue affects artists from the EU coming to the UK, too. What pressure, if any, is being

applied in the EU to try to get the EU, as well as the UK Government, to resolve these issues?

Colin Keenan: To be honest, I do not know that I can answer that. As Lisa Whytock said, the EU has different treaties for different nationalities. If a US musician goes to, say, Austria, they will not need a visa and they can make up to \$20,000 without having to pay any tax. Things are different for UK musicians; they will not need a visa, either, but they get taxed from the moment they make a single cent.

As far as I know, our European counterparts have not been dealing with the Governments here, but I know that there is a lot of work for us to do to reach out to them. We are also pushing for having different treaties with different countries, in a similar way to what the US has done with its tax-free allowances and favourable terms.

Neil Bibby: Kirsteen, do you have anything to add?

Dr Davidson Kelly: No.

Neil Bibby: Thanks.

Keith Brown: I have two questions, one of which is for the entire panel. I will ask it first, but if you could answer it second, that would be great—if that makes sense. This might have been implicit in what you have already said, but is it possible for you to give us one ask that you have for the Scottish Government and one ask that you have for the UK Government?

Before you give us those asks, I do not know whether Lisa Whytock is still with us—

The Convener: She has gone. Sorry, Keith.

Keith Brown: In addition, I want to go back to something that Lisa said about Scotland being too small a country to sustain whatever it was—I did not catch the rest of it. It would be useful if we could have your views on that and if you could say how Ireland seems to manage to sustain whatever it is, while we cannot. Colin, will you answer that first?

Colin Keenan: Lisa Whytock was basically saying that, as an artist, you cannot have a long-term career just in Scotland, which is simply down to the fact that you can play only so many places. If you go round and tour every single city, large town and small town in Scotland every year or two, people are eventually not going to buy tickets because you will have oversaturated the market. You need to get down to England, out to Europe and so on to take the pressure off your home market.

It is the same for artists in Ireland as well. Musicians can do well in their home country, but music is never going to become a long-term, full-time job if you are only in your country. You need

to achieve global success in order to make the money that you need for it to become a full-time profession.

Keith Brown: I will ask my second question. If your preferred ask of the Scottish Government is a Scottish export office—as it is Lisa Whytock’s—what would its function be, beyond being an investment source, given that reserved issues such as carnets, immigration, visas and stuff like that are not determined in Scotland?

Colin Keenan: Pretty much every other country has export offices. Aside from increasing funding for music exports, they also link artists to a network of international showcase events, which could be anywhere from the Great Escape festival in Brighton to SXSW in the US, which is happening right now, and various events down in Australia. The offices are able to programme artists on to those bills as part of their deals. Aside from just funding, an export office would open up more opportunities and new networks for artists. It could be strategic as well as being financially beneficial to artists.

Keith Brown: If that is your ask of the Scottish Government, what is your top ask of the UK Government?

Colin Keenan: The top ask of the UK Government is a uniform approach to international touring for artists. There is a real lack of clarity for everyone and it is costing people money and opportunities. The one ultra-basic thing that everyone involved needs to know is what is going on when it comes to bureaucracy, tax and border crossing.

Dr Davidson Kelly: I have nothing to add other than that the Scottish Government should absolutely resource an export office and the UK Government should, for all the reasons that we have articulated, achieve cultural exemptions to resolve the current touring barriers. The landscape will continue to be decimated if the situation is not made much easier so that culture can flourish.

Keith Brown: I have a final question, and I ask you to give a yes or no answer if possible. A lot of people predicted that Brexit would lead to a cultural cul-de-sac, so the issues are not a surprise to people. However, is it more accurate to say that nobody talked about abolishing freedom of movement during the Brexit referendum, and the loss of that is causing the bulk of touring artists’ problems?

Dr Davidson Kelly: Yes.

Colin Keenan: Yes—I agree with that.

I have another point to make when it comes to the UK Government. We have talked a lot about Scottish artists going out the way, but we should also think about artists coming into Scotland, as

has been touched on a couple of times. I made the point about Beyoncé not coming up here. We need a cultural VAT rate, as almost every other European country has. If we lose 20 per cent of the money from ticket sales to VAT rather than 10 per cent, artists get paid less, and they are already coming to the UK less and less.

Keith Brown: We are all gutted about that. Thank you.

The Convener: I have a final question. Kirsteen, given that we are now quite a few years into the post-Brexit process and we are reviewing the TCA, will you give us an indication of what you have seen? Your orchestra is not static; its composition changes every year as people get older. What difference has Brexit made to the opportunities for the young people who are currently in the orchestra compared with five years ago, before Brexit?

Dr Davidson Kelly: It is a little difficult to say. We had not been touring very much anyway because of the pandemic and the recovery from that. However, we increasingly have fewer opportunities in Europe because of all the barriers and also the perception that it is difficult for us to come. This year, for example, we hoped to set up a tour that would involve crossing into a couple of other countries and doing more European dates than we have been able to achieve. I have no way of knowing whether that is because of the perception of how difficult it is for us, but it has certainly not been as easy to facilitate tours as we might have expected.

As a small charity, we do not have the capacity to tour very often. That is the way that things are at the moment. It is not just about money; it is also about team resource and the administrative issues that I have spoken about. I imagine that the situation is similar for all sorts of other small and medium-sized organisations. It is just too much to deal with on a practical level. We will be offering fewer opportunities than we would like to offer over the coming years, unless our asks can be realised.

The Convener: As members have no further questions, I thank you both for your attendance and I thank Lisa Whytock for her earlier contributions.

Meeting closed at 11:16.

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