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Scottish Parliament

Tuesday 28 February 2017

[The Presiding Officer opened the meeting at 14:00]

Time for Reflection

The Presiding Officer (Ken Macintosh): Good afternoon. Our first item of business this afternoon is time for reflection. Our time for reflection leader today is Dr Mohammed Ali Shomali, who is the resident imam and director of the Islamic Centre of England.

Dr Mohammad Ali Shomali (Resident Imam and Director, Islamic Centre of England): In the name of God, the compassionate, the merciful.

Presiding Officer, members of Parliament and everyone here, I sincerely appreciate the opportunity to address you today. I have been to Scotland several times and always associate it with welcoming people and beautiful nature.

If we reflect on the development of religions and traditions, we realise that there has always been a central question: how to keep your people together and convince them that, by remaining inside the circle, they are better off. Otherwise, you may lose them. It is closely related to the issue of identity: how we understand our position in relation to others.

Unfortunately, the way to demonstrate that we are better off in the circle was often to distance ourselves from others. Instead of saying what you are, the focus was on what you are not. That type of identity is based on fear and exclusion. It will certainly not work in today's world. If it worked before, it was because the world was very partitioned and people often did not meet people of other faiths, ethnicities or cultures.

That is not today's world, and that fragile understanding of identity no longer works. We need a new type of understanding that is based on what we have, can offer and appreciate in others. Relating to others is an essential part of everyone's identity. I cannot be a good Muslim or Christian—or a good Iranian or Scot—unless I know how to relate to other people and accommodate them in my own identity.

For believers in God, that is a very important part of our faith. How can we believe in God, the creator of all, and then fail to care for part of God's creation? For us, every human, animal, bird, flower and drop of water is significant because it is a manifestation of God.

So, now, we need to rethink our understanding of identity. Human bodies have different organs and each has its own function. However, nothing survives in isolation. Humans can survive only in relation to others, finding their role within a bigger unity. When I look at the Qur'an, I see that that is actually God's plan. In his creation and revelation, God has showed us the way towards unity. God's plan is that humanity unites around the truth, and one of the places in which we can establish a model of mutual recognition, respect, love and unity is Scotland.

May peace be with you.

Topical Question Time

14:04

Policing 2026 Strategy

1. Douglas Ross (Highlands and Islands)

(Con): To ask the Scottish Government what its position is on the consultation document, "Policing 2026: Our 10 year strategy for policing in Scotland". (S5T-00419)

The Cabinet Secretary for Justice (Michael Matheson): We welcome yesterday's publication of the draft policing 2026 strategy, which sets out the steps that the Scottish Police Authority and Police Scotland propose to take in order to better meet the policing challenges of the future. We very much support the strategy's clear focus on improving the operational capacity of our police and enhancing the quality of service that the public receive. Once finalised, the document will play a key role in shaping the direction of policing, and I encourage all those who have an interest in participating in the consultation to do so now that it is under way.

Douglas Ross: Yesterday, we learned—not from the 2026 strategy but from the accompanying press conference—that 400 officers will be cut from the single force by 2020 and that officers are currently backfilling administrative roles. That latter admission came just a week after I had received a letter from Police Scotland's deputy chief officer, David Page, denying that such a backfilling policy existed.

I agree with the cabinet secretary that we must respond to the strategy, but what confidence can the public have in responding to it if it does not even mention police officer numbers? Furthermore, the word "rural" is not mentioned once in the strategy, despite our rural population growing at a faster rate in recent years than the population in the rest of Scotland. Does the cabinet secretary agree that that is a crucial consideration? What assurances will he give that rural communities will not be overlooked?

Michael Matheson: I will try to unpick a few of the points that Douglas Ross has made. I reiterate that the chief constable and the Scottish Police Authority have issued a draft proposal on a change in the staff mix that they wish to have in Police Scotland. It is right to recognise that the nature of the crime that the police service deals with and the demands that are placed on it have significantly changed over the past 10 years. The police service has to deal with the demands arising from mental health issues, missing persons, vulnerable individuals and an ageing population. In addition, crimes are now taking

place in a private place. We have seen a big drop in the number of crimes that take place in a public place, particularly crimes of violence, and those have moved into private places, with an increase in domestic violence being reported. We have also seen an increase in cyber-related crime.

It is important that the police have the right mix of staff with the right skills to be able to deal with such crimes and meet new and emerging threats effectively. I have said that on a number of occasions—and we set that out in our manifesto last year as part of the election campaign. The chief constable has also set out his vision of how that can best be achieved over the next 10 years. Part of that is to make sure that some of the transformation that has not taken place—as the chief constable also confirmed—in Police Scotland's corporate and support role takes place. Much of that has remained the same as it was under the legacy forces. Part of it is about moving out officers who have been in those roles and giving them front-line responsibilities and reforming how support is provided to officers to support the corporate and wider support needs of the organisation. That is to be welcomed, and there are important lessons in that for us to consider over the coming weeks.

Rural matters are a significant issue for Police Scotland. We would expect that area to be included in the final strategy. No doubt the member will want to make his views known to Police Scotland and to make his own submission to the consultation exercise, and no doubt he will choose to focus on issues of rural concern.

Douglas Ross: If the chief constable was able to tell a press conference immediately after the release of the strategy about those issues, why are they not in the consultation in order to get the public's feedback? That is an issue of concern.

I will concentrate on one other issue: technology. By its own admission, Police Scotland's technology is "slow and outdated" and there is "duplication of input". Those problems were supposed to have been overcome by the merger and the—now failed—i6 project. Technology is a linchpin of the strategy, but the single force's track record on that front has been poor to date. We now learn that Police Scotland

"will invest in technology streamlining processes through greater self-service and automation."

That could further distance officers from people in local communities who just want to speak to their local officer. What safeguards can we take from the strategy that those ties will not be further eroded?

Michael Matheson: The member again fails to recognise that this is a draft strategy, which Police Scotland, along with the Scottish Police Authority,

has issued to allow people to comment and express their views on. The issues that the member raises can be considered over the period of the consultation exercise.

The vast majority of information technology infrastructure in Police Scotland was inherited from the legacy forces. In addition, the genesis of the i6 initiative goes back when the legacy forces were looking for a single police IT system. The company that was appointed to deliver the i6 programme has not done so. We provided additional reform money in the budget that we took through Parliament last week to allow the necessary IT investment to be made to support the police in releasing the capacity in the organisation that is, at present, being taken up by slow, outdated IT systems. That is the type of thing that, as the chair of the Scottish Police Authority and the chief constable set out, will be a key priority as the service moves forward with the strategy in the coming years.

Ben Macpherson (Edinburgh Northern and Leith) (SNP): For context on these islands, can the cabinet secretary provide some detail of how the number of police officers in England and Wales compares to the number of police officers in Scotland?

Michael Matheson: I am clear that the purpose behind any strategy that is approved by the Scottish Government must be to ensure that we have sufficient police officers to deliver the safety and security of the people of Scotland. Over the past 10 years, we have been committed to having 1,000 extra police officers, and there are no plans to change police officer numbers in the forthcoming financial year. The present number of police officers in Police Scotland is 17,256.

I will not accept a strategy that follows the approach that has been taken by the Home Secretary in England and Wales, which has destroyed some aspects of police operation in England and Wales through the loss of 19,000 police officers over the same period in which we have been protecting police numbers. The loss of those officers has had a direct impact on the quality of policing in England and Wales. The "Policing 2026" strategy is not about delivering that; it is about improving capacity and the service that the public receive from Police Scotland.

Willie Rennie (North East Fife) (LD): I asked the First Minister about the issue last week, so I am intrigued by the answers that have been given today and the statement that was made yesterday by the chief constable. The First Minister denied that there is any change in policy. She committed the Government to the policy of having 1,000 extra officers and said that that was not going to change this year. I have a precise question for the justice secretary: if the chief constable wants to reduce

the number of police officers by 400, as he stated yesterday, will he have the backing of the justice secretary?

Michael Matheson: As I said yesterday, we will consider the details of the draft strategy, the feedback from the consultation and the final strategy before it is approved by the Government. On that basis, the answer is yes, because the strategy will have to be approved by the Government.

John Finnie (Highlands and Islands) (Green): Does the cabinet secretary agree that the obligation on our chief constable is to assess the risks and put in place mechanisms to address those risks? This is not necessarily about officer numbers or buildings; it is about the quality of service. Will he undertake to move the conversation away from this obsession with the figure of 17,234 officers and, if the chief constable approaches him with further requests that are based on an evidenced need in the light of developing threats and things, support those requests?

Michael Matheson: As I mentioned, and as I have stated on a number of occasions, it is important that the police are able to respond to the changing nature of our society and the changing nature of crime. We must ensure that the police service is able to keep pace with changes at a societal level and at a criminal level. As the chief constable set out, the intention behind the strategy is to ensure that the police service can meet those challenges effectively, delivering better capacity within Police Scotland and a better service to the public. I am clear about the need to deliver those things, which is why I have said repeatedly that the issue is to get the right staff mix in the police service so that it can deliver a first-class service to the people of Scotland and keep them safe. I will continue to have discussions with the chief constable over the coming weeks, as the consultation is undertaken and after it has been completed, on how we can ensure that Police Scotland is able to do that not just in some parts of Scotland but right across the country.

Teacher Training

2. **Daniel Johnson (Edinburgh Southern) (Lab):** To ask the Scottish Government, in light of reports that one in 10 training places are going unfilled, what action it is taking to encourage more people into teaching. (S5T-00412)

The Deputy First Minister and Cabinet Secretary for Education and Skills (John Swinney): The Government is determined to create an education system that is world class, and teachers have a vital role to play in helping to achieve that ambition. Increasing the number of teacher training places that are available is crucial,

which is why we are taking a number of actions to support universities to do that.

We are spending £88 million this year to make sure that every school has access to the right number of teachers. We are also investing £1 million from the Scottish attainment fund in opening up new and innovative routes into the profession. In addition, I recently launched our new teacher recruitment campaign, teaching makes people, which builds on the success of last year's inspiring teachers campaign, which helped to drive a 19 per cent increase in professional graduate diploma in education applications to Scottish universities compared to the previous year. I want to see our universities build on that success and take further steps to attract high-quality students into their teacher education programmes.

Daniel Johnson: As the Scottish Further and Higher Education Funding Council said about last year's cycle, one of the main problems with ensuring a good match between subject targets and intakes is

"the timing of the announcement of intakes".

An early announcement helps universities to plan and helps the Government's recruitment campaign. In the last cycle, the Scottish Government sent guidance to the Scottish funding council in December. When did it send its guidance to the SFC for this cycle?

John Swinney: The advice was sent to the funding council in advance of the announcements that have been made and the decisions that have been set out to enable the universities to take forward the recruitment that is necessary.

Daniel Johnson: Maybe I can help the cabinet secretary. The Scottish funding council received its annual guidance from the Scottish Government only on 14 February, which is eight weeks later than it did last year. Last year, it got the guidance before Christmas, whereas this year it had to wait until Valentine's day.

On the second problem identified by the Scottish funding council—the lack of student demand for some subjects—the Government launched a campaign this month, but that was a month behind last year's efforts. Universities still do not know what their allocation will be or how many teaching students they can recruit.

We all support efforts to boost the number of teachers and support this vital profession, which is rightly a top priority for the Government, so why is it eight weeks behind where it was last year? Does the minister commit to do better for next year's recruitment cycle?

John Swinney: As on most things to do with the education system, Mr Johnson's enthusiastic

support for the Government's approach is closely veiled by the way in which he articulates his arguments in Parliament. It takes a lot of digging to find Mr Johnson's firm support for the Government's intention.

I would have thought that Mr Johnson would have welcomed the fact that the Government has significantly increased the number of places that are available for individuals who want to enter into teacher education. [*Interruption.*] I would have thought that Mr Johnson would have wanted to weigh in behind the Government's efforts to ensure that more and more people decide to choose to enter into the teaching profession. [*Interruption.*] That is what our approach is designed to do. We want to make sure that we can recruit the number of teachers we need to fill the teacher vacancies—[*Interruption.*]

The Presiding Officer (Ken Macintosh): Would Mr Johnson stop talking, please?

John Swinney: —which Mr Johnson is always moaning and whingeing about.

At an event on Friday in the Caird hall in Dundee, in front of hundreds of teachers, I was asked what would improve the perception of Scottish education. I said that the perception of Scottish education would be improved if some members of Parliament improved the way in which they talked about Scottish education, and the person I had uppermost in my mind was Mr Daniel Johnson.

Jenny Gilruth (Mid Fife and Glenrothes) (SNP): I remind members that I am the parliamentary liaison officer to the Cabinet Secretary for Education and Skills.

We need to ensure that there are enough places for teachers at university and sufficient take-up of those places, but an important part of that training is the opportunity for probationer teachers. What does the Scottish Government do to support probationary teachers? What progress has been made on providing employment to teachers after they complete their probationary year?

John Swinney: As part of the local government settlement in 2016-17, the Government made available £37.6 million to local authorities to secure places for all probationers who required one. We work closely with local authorities to allocate places, and I can confirm that places have been found for all eligible students since 2002. At the last available census, 87 per cent of probationer teachers were in permanent or temporary employment. That is a very encouraging figure, which shows that more probationer teachers are finding employment and stability.

Liz Smith (Mid Scotland and Fife) (Con): Has the Scottish Government had any discussions at all with the teacher training bodies to establish how many professionally qualified potential applicants from other jurisdictions would be able to fill some of the places that are available if their qualifications were recognised in Scotland?

John Swinney: A number of issues pertain there, one of which concerns the free movement of individuals. I would have thought that Liz Smith might have thought more carefully about asking the question that she has just asked me, given the position that her United Kingdom Government takes on the ability of individuals to apply to come and teach in Scotland as a consequence of some of the issues that we are wrestling with, which we will be debating in the course of the afternoon.

On the accreditation and registration of teachers, I am in regular dialogue with the General Teaching Council for Scotland to ensure that it is taking every step that it can to ensure that individuals who have the requisite qualifications from other jurisdictions, principally from south of the border but perhaps also from Northern Ireland, can have the most efficient and seamless transfer of their registration into the Scottish system, while of course—I am sure that Liz Smith will agree me on this point—assuring the quality of individual applications. The GTCS is firmly focused on that point.

I have had direct discussions with the colleges of education about the importance of the issues that Liz Smith just raised and they have been fully involved in the discussions around the planning of teacher intake numbers as we go forward.

Highlands and Islands Enterprise Board

3. **Liam McArthur (Orkney Islands) (LD):** To ask the Scottish Government whether the Highlands and Islands Enterprise board will retain its current “strategic, operational and budgetary” decision-making powers, in accordance with the recent vote in the Parliament. (S5T-00410)

The Cabinet Secretary for Economy, Jobs and Fair Work (Keith Brown): As I have mentioned many times before, I remain committed to keeping HIE firmly in place at the heart of the Highlands and Islands economy, which is why I asked Professor Lorne Crerar, chair of HIE, to lead discussions with the other agency chairs and some members of the ministerial review group, and to provide me with his views on the principles and proposals for a strategic board. I am currently reflecting on the detail of the proposals outlined by Professor Crerar, the views of the ministerial review group and the views expressed by wider interests in taking forward the development of the strategic board. I remain committed to the services and support that HIE provides, and I am happy to

listen to members across the chamber in order to discuss the way forward, ahead of a statement to Parliament in the coming weeks.

Liam McArthur: While the cabinet secretary is reflecting on that, maybe he can reflect on the views of Inverness-based economist Tony Mackay, who described the Crerar report as “a whitewash”. That is little wonder, because if the report’s recommendations are implemented, the role of HIE’s board will be reduced to mere delivery. The board will be answerable to a new centralised superboard, to be chaired by a Scottish National Party minister, and the loyalty of HIE’s chair would be to the minister in Edinburgh, with the needs of Highlands and Islands businesses and communities being a secondary consideration. How can the cabinet secretary square that with the expressed will of Parliament to retain the full current powers of the HIE board?

Keith Brown: Liam McArthur has made a number of speculative points about the composition of the strategic board and other outcomes. He is right to mention the comments that were made by an individual in the Highlands, but there have been a number of different comments. For example, when the Deputy First Minister and I met members of the convention of the Highlands and Islands last week, a number of them expressed support for continuation of the board—I acknowledged that view—but they also said that the nature of the board had to change to take account of developing circumstances. There have also been supportive comments from HIE and from a number of other commentators.

As I have said a number of times, the important thing is to listen to views, including those that Liam McArthur has expressed. I have asked my office to arrange meetings with each of the groups to listen to their views and to see whether we can find common ground. I have said that I am willing to listen and I have talked to members across the chamber, but it is much better if we can have direct conversations with groups about the issues. That is the right spirit in which to take matters forward. Perhaps some of the fears that Liam McArthur has expressed might not come to fruition; surely the best chance of achieving that outcome will come through having a dialogue about what might happen in the final stages of phase 2 of the review.

Liam McArthur: I have listened carefully to what the cabinet secretary has said. I make it clear that I do not believe that the issue is his political affiliation: I would not support the proposed arrangement for HIE under any minister. Professor Jim Hunter was right to say that what is proposed is “centralism run riot”. He said in *The Press and Journal* yesterday that he remains unconvinced and that the changes would subject HIE’s

“no longer autonomous board to constant outside oversight and direction”,

and claimed that that will not be

“good for either the Highlands and Islands or Scotland.”

The cabinet secretary mentioned the discussions at the convention of the Highlands and Islands in Shetland last week. Can he tell members whether the convention backed his latest proposals?

Keith Brown: The convention did not have sight of Lorne Crerar’s proposals at that time, because they had not been published. However, the convention was aware of the nature of what he had to say, and there was strong support for it. I acknowledge, however, that the convention did not have the full detail of the proposals at that time, in advance of the ministerial review group.

The two defining characteristics of the response were general support for retention of a board for HIE—I have mentioned that already—and acknowledgement that the nature of that board has to change. In addition, there were two other points made.

The first was that the board has to change because circumstances have changed. Most particularly, the Highlands and Islands have over many years had regional development assistance through the European Union, and Brexit presents a threat to its continuation. That is a matter of real concern, and there was acknowledgement for that reason, if for no other, that things have to change.

The second point was about the need for collaboration, which is a vital issue in Lorne Crerar’s report. The aluminium smelter at Fort William, for example, was the result of Scottish Enterprise, ministers and people from various agencies collaborating. That kind of thing should happen automatically, and I think that that is what Lorne Crerar was pointing towards.

As I said, the proposals are Lorne Crerar’s and not the Scottish Government’s. We are willing to listen and to discuss the matter with willing partners.

Rhoda Grant (Highlands and Islands) (Lab): The Crerar report recommends retention of the HIE board, but it would be subject to the strategic board and therefore to Scottish Government control. HIE was set up to benefit the Highlands and Islands. Will the cabinet secretary listen to public opinion? Also, can he explain to Parliament why Government party MSPs had access to the Crerar report, and therefore so did the press, before other members of Parliament?

Keith Brown: I have said a number of times that I am willing to listen to different shades of opinion; I have made the point repeatedly. What I

have not had yet are the direct conversations that would support that listening exercise. I have contacted the other parties to see whether they want to have that discussion, and I am more than happy to have it in advance of the statement that I will give when I come back to Parliament in the next few weeks to say what the outcome is and what our view is on the governance review by Lorne Crerar.

Lorne Crerar has undertaken a tremendous piece of work; he did not undertake it under the direction of ministers. He was asked to do it and he has discussed the matter with other agency chairs. It was broad-based work that, importantly, has tried to take forward a number of things that the other parties in Parliament all say they are committed to, including raising Scotland’s economic performance and making sure that we do things in a much more collaborative way among the agencies. I would have thought that we could, if we have that as a starting point, certainly agree on some other issues around the nature of the strategic board and how collaboration can best work.

I am more than happy to have that discussion with Rhoda Grant and other members. I have made the offer before. It is a sincere offer, and I hope that members will take it up.

Economic Impact of Leaving the European Union

The Presiding Officer (Ken Macintosh): The next item of business is a debate on motion S5M-04193, in the name of Gordon Lindhurst, on behalf of the Economy, Jobs and Fair Work Committee, on its report on the economic impact of leaving the European Union.

14:27

Gordon Lindhurst (Lothian) (Con): Those of a cynical disposition—and there may be one or two in our midst—might think that this debate is unlikely to set the heather alight. We have certainly had plenty of opportunities in this chamber to discuss our departure from the European Union. Somehow, however, I sense that there could be some more sparks this afternoon.

Last September, I asked a related question of the First Minister and she countered that it was akin to an arsonist phoning the fire brigade. How outrageous! As Mr Taylor pointed out at the time, in his “Blether with Brian” column, there is no such offence in Scots law—north of Gretna, we do not do arson; it would be wilful fire-raising. So, one might say that I have previous—my bad. Today, however, I shall be leaving the alleged pyromania to others. My role is to speak as convener of the Economy, Jobs and Fair Work Committee and to outline the findings of our report on the economic impact of leaving the EU.

The report is, of course, the outcome of a collective committee endeavour.

“I’ve searched all the parks in all the cities and found no statues of committees.”

It was G K Chesterton who said that, and who could disagree? We spent a good portion of November, a slice of December and a chunk of January on the inquiry. We received 17 written submissions and took evidence from 35 witnesses over the course of some nine meetings. We also visited and took soundings from 18 companies and organisations in various sectors around the country. We wanted to hear, to understand and to convey the views of employers and employees. We were looking for possible impacts and how to mitigate them, as well as for opportunities.

We focused on three broad areas: exports; investing in Scotland; and labour-market issues. I will offer a flavour of what we found under each of those headings. Other members of the committee, including the deputy convener when he closes the debate, will complement what I have to say—for the purposes of the *Official Report*, that is complement with an “e”, not an “i”. Colleagues

may wish to cover the aspects that I cannot fit into these 15 minutes of European fame.

Evidently, the United Kingdom’s exit from the European Union is a developing process and the committee’s report can provide only a snapshot of the pre-triggering-of-article-50 period. Therefore, the unfolding economics of Brexit is something to which the committee may want to return.

For now, let us start with exports. Should Scotland aim for the rest of the world, rather than for the rest of the EU? Helpfully, Dr Zuleeg of the European Policy Centre answered his own question. He said:

“It is about both, rather than either.”—[*Official Report, Economy, Jobs and Fair Work Committee*, 1 November 2016; c 43.]

Other witnesses told us that much of our trade is invariably with our most immediate neighbours, in the rest of the UK, due to what is known as the proximity effect. Generally, that is true for food and drink, oil and gas, and steel; yet the fastest-growing economies today are those of China and India, where our sales remain low and where the growth potential for our exports could be greatest.

Should we be pessimistic about the outlook post-Brexit? James Withers of Scotland Food and Drink saw global opportunities. He described the potential in premium markets and in tapping into consumers’ desires for quality, authenticity and provenance. Companies that are represented by the China-Britain Business Council were just as sanguine; they were hopeful of a free-trade deal of some kind.

We must strive to encourage a more international mentality. Jane Gotts reminded us that 50 per cent of Scotland’s exports are still generated by just 50 companies. The challenge is to promote international thinking and to help our small and medium-sized companies to develop. We know that SMEs are central to the success of our economy, so what can the Scottish Government and its agencies do better, do differently or do more of?

The work of Scottish Development International in securing new markets was praised by Scotland Food and Drink. SDI itself spoke of mobilising partnerships, building the narrative and supporting ambition. The Scotch Whisky Association wanted policy expertise, capacity, a long-term approach and the tackling of trade barriers. Glasgow Chamber of Commerce was highlighted for its international certification services, the uptake of which had risen 50 per cent in just three months. KPMG underlined the importance of planning for change for businesses that have exposure to Europe.

Last March, the Scottish Government published its trade and investment strategy and, more

recently, it published a four-point plan for boosting exports that covers a new board of trade, trade envoys, a hub in Berlin and a doubling of SDI staff across Europe. The four-point plan focuses on Europe but, in a post-Brexit world in which powers to negotiate trade deals come back to the UK, the wider international context needs to be considered. The cabinet secretary told us that more needed to be done to expand the export base and that that was part of the rationale for the review of the enterprise agencies.

Such was the evidence that we heard. I look forward to what the cabinet secretary has to say about those matters and, specifically, about greater backing for SMEs, the focus on emerging markets and support for trade with our nearest neighbours.

This is a critical time for our exporting businesses. The committee will keep the Scottish Government's four-point plan under review. We also want ministers to listen to concerns about the quality of accreditation, licensing and certification with countries around the world after Brexit. The last thing that a seafood company in Peterhead needs is a bureaucratic impasse in St Petersburg and cargo left rotting in the crate on a boat at the Russian port because the paperwork is not correct.

Stephen Boyle of the Bank of Scotland spoke about the exchange rate and import inflation and said that the biggest cost increases were in energy, food and clothing. Those three areas constitute a higher proportion of spending for older and poorer households. Scotland's chief economist, Gary Gillespie, said that inflation was expected to impact further on consumption and affordability. We want the Scottish Government to assess any potential impacts on our most vulnerable citizens and to report its findings back to the committee.

Inward investment was the second strand of our inquiry. We learned that Scotland has had its successes. Certain figures point to the fact that, in four of the past five years, we have been the top UK location outside London for securing foreign direct investment. The international public policy institute told us that such projects are exceptionally important and that, for high-productivity, high-skill, export-oriented businesses, they matter as much as domestic investment. However, much of that came from repeat investment.

The Scottish Council for Development and Industry said that we had been less successful in attracting money from new sources. In the Scottish Government's own assessment, awareness among investors in Asia was relatively low, and China did not even feature in Scotland's top 10 sources of investment. We support proposals to

strengthen Scottish Development International and to better co-ordinate international activity, but the right balance between foreign direct investment and supporting home-grown businesses must be struck.

We welcome the commitment to do more to offer core support to more Scottish businesses. Our SMEs need backing now more than ever. The committee will investigate what support is available to companies beyond the start-up stage.

"The priorities within the Government's Economic Strategy"

may well

"have been turned on their head"

by Brexit, and it is crucial to "revisit" those priorities. Those are not my words but those of the director of the Fraser of Allander institute, who was formerly the architect of the said strategy when he was head of the office of the chief economic adviser. Professor Roy saw new challenges and opportunities, and he asked about what levers we can use differently to have an impact on certain sectors.

It is clear that the economic landscape is shifting. With those points in mind, the committee recommends that the Scottish Government review its economic strategy. The relationship with our overseas trading partners is going to change. I could not decide whether to end that sentence with the word "significantly" or the word "irrevocably", but I suspect that we can all agree on the basic premise. Whether or not we like that is, of course, quite another question, which I shall leave to other members in this debate.

Might there be merit in the Scottish Government also reviewing its trade and investment strategy? I can observe the cabinet secretary's body language, but we await his words.

The third strand of our inquiry was the labour market, the details of which I shall leave for my committee colleagues. I hear no howls of protest at that, at least at this stage.

I want to touch on the distinct needs of the Scottish economy. Some sectors—the pelagic fish and soft fruits sectors, for example—rely on EU labour from outside the UK for both skilled and unskilled labour. We also have an ageing population, and labour growth is relatively slower in Scotland than it is in the rest of the UK. Such challenges should be highlighted to the UK Government.

Another matter is what an RBS witness termed "a form of internal migration".—[*Official Report, Economy, Jobs and Fair Work Committee*, 1 November 2016; c 36.]

He was referring to people of working age who are already in Scotland but remain outwith the job

market. We were told that location and specific skills can act as barriers for them. Is that something that the strategic labour market group could address? Perhaps the cabinet secretary would be so good as to enlighten us on that.

One further point, beyond my list of three, concerns engagement with the business community. If saying “engagement” was not bad enough, I am going to have to force myself to say “stakeholders”—that most slippery of terms. However, there is a serious point to be made. Time will always be a precious commodity in the private sector, but most people from whom we heard during our inquiry wanted to have their say on the economics of leaving the EU and we would welcome an indication from the cabinet secretary of how he intends to engage with stakeholders—it is a wonder that I can live with myself after saying that.

I have reached my final furlong. I am grateful to the committee for the collaborative way in which we undertook the inquiry. For the record, I have no time for Milton Berle’s claim that

“A committee is a group that keeps minutes and takes hours”,

although we certainly spent hours on the subject of the EU and I am not sure how many minutes we took.

I thank my colleagues for their pragmatism, forbearance and occasional good humour. I realise that this will result in incredulity, but we did not agree on every detail: this report of ours—to abuse a line from “Yes Minister”—was a triumph of the collective will over the political won’t.

Whether or not we agree with the result of the referendum in June last year, I have heard nobody disagree that European neighbours remain close friends and allies, or that those relationships will outlast the ending of our membership of the European Union. Scotland has always been outward looking and global in perspective. Historically, we have punched far above our weight when it comes to international influence.

Scots invented, discovered or manufactured much of what made the modern world modern. Members know the list, of course: television, the telephone, wave power, the electric light, ATMs, the Bank of England, overdrafts, the stock market, universal standard time and the US navy—and on it goes. We have made major contributions to science, design, communications, culture, commerce, medicine, industry, technology, transport and beyond. However, did members know that we also gave the world paraffin and the theory of combustion? Let the sparks fly, Presiding Officer.

I move,

That the Parliament notes the conclusions and recommendations contained in the Economy, Jobs and Fair Work Committee’s 2nd Report, 2017 (Session 5), *Report on the Economic Impact of Leaving the European Union* (SP Paper 80).

14:42

The Minister for UK Negotiations on Scotland’s Place in Europe (Michael Russell): I know that Gordon Lindhurst feared that his speech might lead to him being charged with wilful fire raising. It is unlikely that that will happen, but there is another charge in Scottish criminal law that might be laid against the UK Government—that of culpable and reckless conduct in the matter of Brexit. I suspect that that is what the debate will be about.

The Scottish Government welcomes the opportunity to debate the committee’s report on the economic impact of leaving the European Union. I thank the committee for producing a constructive and timely report.

In these particularly febrile times, it is important to preface any discussion of challenges that the Scottish economy faces with a considered appraisal of its current strengths, so let me emphasise the following facts. The Scottish economy is strong. Only a fortnight ago, new figures showed that in 2015 productivity growth in Scotland was four times that in the UK. Scotland is and will continue to be a great place to do business—on that point, the international evidence is rock solid. Our consistently strong performance on foreign direct investment testifies to that. Through the Scottish Government’s unwavering commitment to sustainable and inclusive economic growth, Scotland continues to be a very attractive place in which to live and work.

However, there is no room for complacency. The Scottish Government will continue to work tirelessly to ensure that the Scottish economy is developed to meet the demands and aspirations of all our citizens.

It will surprise no one in the chamber to hear me reiterate the Scottish Government’s firm view that leaving the European Union is likely to inflict significant damage on the Scottish economy. The harder the Brexit, the worse it will be.

There is an accumulating body of research that attempts to quantify the economic impact of Brexit on Scotland and the UK. The research is being produced by highly respected institutions with global credibility. The findings have been well rehearsed in the chamber, so I will not dwell in detail on them.

Suffice it to say that leaving the single market could result, after a decade, in Scottish economic output being £8 billion less than it would be if

Scotland retained EU membership. In addition, there could be 80,000 fewer jobs, and real wages could be £2,000 lower per person per year. Meanwhile, the National Institute of Economic and Social Research estimates that goods exports could be 35 to 44 per cent lower and services exports could be 60 per cent lower than they would be if Scotland stayed in the EU. Those findings should give even the born-again Brexiteers on the Tory benches pause for thought.

In December 2016, the First Minister announced to the chamber credible proposals to keep Scotland in the single market—through the European Free Trade Association and the European Economic Area—should the UK decide to pursue a hard Brexit. “Scotland’s Place in Europe” outlined in detail why keeping our place in the single market matters so much to jobs, trade, living standards and investment. Our proposals warrant a serious response from the UK Government, but we are still waiting for one.

As I have indicated, the report that Parliament is considering today is an important contribution to this serious and significant debate. The Scottish Government will respond in detail to the report’s recommendations in due course.

We broadly share the committee’s concerns about trade, sectors, inward investment, the labour market and rising inflation. We are already taking a number of actions that will impact on those areas. For instance, the enterprise and skills review is examining how we can better support efforts to internationalise the Scottish economy, improve the range and quality of data and enhance the supply of skills. The strategic labour market group, which met for the first time last week, will consider the impact of Brexit, among other things. We are delivering on the actions that are set out in our trade and investment strategy and the four-point plan, including establishing the board of trade and opening the innovation and investment hub in London. We have also established a new Scottish business growth group.

We therefore welcome the committee’s recognition that resources are finite and must be targeted effectively if we are to achieve our goal of broadening our export base and reaching out beyond traditional export markets. However, we should be in no doubt that Scotland can trade with the rest of the UK, with the EU and with the rest of the world most effectively if preferably the whole UK, or at least Scotland, remains inside the European single market.

I welcome the fact—it is revealing—that the report does not repeat any of the unreasonably optimistic talk of opportunities that is often spouted by the hard Brexiteers. I have still to hear any such convincing business case for Brexit, and that is

reflected in the international view of the matter, particularly in Asia.

The reality is that the gung-ho Brexiteers in the UK Government often seem woefully ignorant of how global trade functions in the 21st century. They present no coherent plan to see the UK through the tumultuous period that will start when the Prime Minister triggers article 50—whenever that is. Scotland needs more from the UK than self-congratulatory bluff and bluster about recreating the supposed glories of the past.

The effect of some of the issues that the report raises might be at least mitigated if the current UK Government were motivated by priorities other than its obsession with immigration and its intent to drive out many who contribute positively to our economy. It is right for the committee to draw attention to the negative impact of that obsession on labour supply, which is an urgent matter.

Recent statistics indicate that the flow of new EU workers might already be in decline. The UK Government’s refusal to guarantee the rights of EU citizens who currently live and work in the UK is simply disgraceful, as was the UK Government-inspired speculation this weekend about a so-called cut-off date for those who are coming here legitimately and in keeping with prevailing European law and UK treaty obligations. We—and they—are dealing with a UK Government that seems to place a higher priority on dog-whistle policies than it does on the prosperity of its people or on the resilience and stability of its economy. We will have to pay a heavy price for such irresponsibility.

The committee’s report proposes a number of actions for the Scottish Government in meeting the challenge of Brexit. We will hear about many of them this afternoon, and the Government is confident that proportionate responses are already under way in areas of concern that the committee highlighted. Those actions will be set out in full in our written response to the report.

The Scottish Government can always be relied on to do all that it can to defend Scotland’s economy. As the report shows, the Parliament is also trying to do that, through its committees. It is greatly to be regretted that the same cannot be said of the UK Government.

14:49

Dean Lockhart (Mid Scotland and Fife) (Con):

I am grateful to the convener of the Economy, Jobs and Fair Work Committee for setting out the parameters of the debate. I also mention the excellent work of the clerks and the Scottish Parliament information centre in helping to prepare the report.

The inquiry's remit was wide: to investigate the possible impacts and opportunities for Scotland's economy in the context of the vote to leave the EU. In response, the report makes a series of specific recommendations. Before commenting on those, I will first make some general observations arising from the inquiry.

During the inquiry, the committee benefited from positive and active engagement with the business, academic and other communities across Scotland. Evidence received highlighted that the impacts and opportunities that will arise from Brexit will vary greatly depending on the sectors and regions in question. For example, only 5 per cent of business in the financial services sector, which accounts for 10 per cent of Scotland's GDP, is with the EU, while 20 per cent of exports from the food and drinks sector are to the EU.

I also highlight that the feedback from business demonstrated the resilience and adaptability of the business community in Scotland. A number of business leaders confirmed that Brexit would indeed be a challenge but, in their words, dealing with challenges is what business is all about. For many, Brexit is just the latest challenge to overcome. I commend the resilience and adaptability of the Scottish business community in getting on with its day job.

I turn to the specific recommendations in the report. One of the central lines of inquiry related to the impacts and opportunities of Brexit for Scotland's exporters. Paragraph 17 of the report notes that 63 per cent of Scotland's trade is with the rest of the UK, 16 per cent is with the EU and 21 per cent is with the rest of the world. The report further notes that the US is the top destination for Scotland's international exports. Indeed, we export more to the US than we do to France and Germany combined.

Further analysis of those export figures shows, as Jane Gotts of GenAnalytics highlighted, the low levels of exporting by business in Scotland. As Gordon Lindhurst said, more than 50 per cent of our exports are generated by only 50 companies. That concern—that we have low levels of exporting among our businesses, particularly among small and medium-sized businesses—was raised, and we share it. We must look to expand and diversify our export base to make the economy more competitive.

In giving evidence to the committee, the Cabinet Secretary for Economy, Jobs and Fair Work accepted that more needs to be done in that area. He explained that one of the reasons for the review of the enterprise agencies is

“that we realise that we have not done what we need to do on exports or on internationalisation.”—[*Official Report, Economy, Jobs and Fair Work Committee*, 29 November 2016; c 6.]

We welcome the review of the enterprise agencies, but we remain deeply concerned about the on-going significant cuts that are being made to the enterprise budget because that will make progress in this area all the more difficult. Scottish Enterprise has confirmed to the Economy, Jobs and Fair Work Committee that Scotland requires more than 120,000 new businesses to meet export targets. Cutting the enterprise budget by more than 40 per cent over the past five years is not the way to achieve that.

The report highlights one area in which there is significant opportunity to expand our export base. By looking beyond the EU market and recognising that 80 per cent of economic growth is now driven—

Ash Denham (Edinburgh Eastern) (SNP): Will the member take an intervention on that point?

Dean Lockhart: I will finish my point first. Eighty per cent of global economic growth is now driven by the emerging markets. As Scotland Food and Drink commented,

“we really need to think beyond Europe.”—[*Official Report, Economy, Jobs and Fair Work Committee*, 8 November 2016; c 52.]

Ash Denham: The member's own Prime Minister said last year that

“It is not realistic to think we could just replace European trade with these new markets.”

Will the member comment on that?

Dean Lockhart: We are not talking about replacing; we are highlighting the fact that, since 2002, exports to the rest of the world have increased by 85 per cent, while in the same period exports to the EU have increased by only 8 per cent. That shows where the growth will come from. Indeed, if the trends that we have seen during the past 10 years continue, by 2025 exports to the rest of the world will be two thirds more valuable to Scotland than exports to the EU.

China is now the second-largest economy in the world and India is the seventh largest, but our exports to China are a mere 0.7 per cent of total exports, and our exports to India just 0.3 per cent. There is a real opportunity here. As the Scottish Council for Development and Industry said—

Gillian Martin (Aberdeenshire East) (SNP): Will the member give way?

Dean Lockhart: I will later.

Michael Russell: Will the member give way?

Ivan McKee (Glasgow Provan) (SNP): Will the member give way?

Dean Lockhart: I will later.

The SCDI said that, post-Brexit, there is a good chance to create new free-trade agreements with international markets such as China and India. We would encourage that.

Michael Russell: Will the member give way?

Dean Lockhart: I will later.

All that evidence on Scotland's exporters led the committee to conclude in its report that

"more needs to be done to support and encourage Scottish businesses, especially SMEs, to export both to the EU and beyond. The Committee expects this to be addressed by the Scottish Government and Enterprise Agencies as part of the ongoing enterprise and skills review."

Michael Russell: Can I take the member back to India? Does he accept that the coup for the Indian market would be if Indian demands for increased migration by talented young Indians were accepted? The Prime Minister has rejected that, so no deal with India has been done and no deal was done last year. How will he change the situation if migration is the major issue?

Dean Lockhart: That would be a matter for negotiation. I am impressed by the minister's crystal ball in anticipating what the issues might be. However, India is the fastest-growing market for Scotch whisky and that is why a free-trade agreement with India will be very valuable.

The report is far reaching and covered other areas. In relation to trading statistics, the report highlights some gaps in the available data on exports from Scotland. However, the Scottish Government has helpfully published a frequently asked questions document, which clarifies the following:

"Scottish goods which are exported through ports in the rest of the UK"

are

"counted as international Scottish exports"

and

"All international exports relevant to Scotch Whisky are counted as Scottish exports, irrespective of the port at which they depart the UK."

Perhaps that will answer some questions raised on Twitter about how Scottish exports are counted.

The committee's report also makes recommendations on the labour market and the role of EU nationals in Scotland. As regards EU nationals, there are

"an estimated 115,000 in employment, representing 4% of the Scottish workforce in employment."

Evidence provided to the committee was unanimous in recognising the significant and valuable contributions made by EU nationals working and living in Scotland.

In looking at options to address a potential shortage of skilled and unskilled workers following Brexit, there was some support for more effective use of internal migration, given the high levels of the working-age population in Scotland outside the job market.

Finally, the report highlights the importance of Scotland's trading relationship with the rest of the UK. The Fraser of Allander institute recommended that the Scottish Government should focus on further integration with the rest of the UK market and should support expansion of that trading relationship. That view was echoed by a number of witnesses, including Professor MacKay of the University of St Andrews, who said:

"Scotland's number 1 priority must always be to keep that trade relationship with the rest of the UK open and fluid".—[*Official Report, Economy, Jobs and Fair Work Committee*, 8 November 2016; c 21.]

The importance of the domestic trading market was highlighted by Scottish Government figures that were released last month. Since 2002, Scotland's trade with the rest of the UK has increased by 75 per cent, while exports to the EU in the same period have increased by only 8 per cent.

In conclusion, the committee report is a welcome addition to the debate on the economic impact of leaving the EU. As the report makes clear, it is impossible to analyse Scotland's trade with the EU in isolation—we have to look at the importance and growth of that trading relationship relative to other such relationships. Once we do that analysis, the following becomes clear. First, we should work towards Scotland having the best possible access to European markets. We think that the best way to achieve that will be through a UK-wide approach that secures the best possible Brexit trade agreement for Scotland. Secondly, more needs to be done to expand our trading relationships with the rest of the world. Finally, in the words of Scottish Development International,

"Whatever circumstances play out, it will be paramount that we protect free trade or the open market with the rest of the UK."—[*Official Report, Economy, Jobs and Fair Work Committee*, 8 November 2016; c 21.]

We agree with that.

I thank other members of the committee for their hard work on the report. I welcome the report's contribution to the debate on the EU referendum.

14:58

Jackie Baillie (Dumbarton) (Lab): Like the majority of people who voted in Scotland last year, I voted to remain in the European Union, but I am also a democrat, so I accept that the United Kingdom is leaving the European Union—and soon.

However, as Parliament knows, I would rather delay triggering article 50—not as a means of frustrating our exit from the European Union, but because I genuinely do not believe that we are ready, and because the UK's negotiating position is less than clear. Indeed, I understand that the time for negotiation is, in practice, likely to be 18 months rather than two years, so we need to get a move on and must absolutely focus on planning for our exit. In particular, there is a responsibility on us all to secure the best possible transition for our economy and for jobs.

Despite the assertions from the minister, our economy is fragile. Growth is down and is still being revised downwards. Employment is down and the number of economically inactive people has increased.

I want to spend most of my time talking about exports. The Scottish Government's export statistics show that Scotland exports more goods and services to the rest of the United Kingdom than it does to the rest of the world, never mind the European Union. *[Interruption.]* Members may laugh, but these are serious considerations.

Michael Russell: Will the member take an intervention?

Jackie Baillie: No. I have heard enough laughter from Michael Russell.

The Government would be best focusing its mind on those considerations. Let me give Mr Russell the facts, from the Scottish Government's statistics. In 2015, 63 per cent of Scotland's exports went to the rest of the UK, 21 per cent of goods and services were exported to the rest of the world and just 16 per cent went to the EU. Given that everyone agrees that proximity is a key determinant of exporting volume, it is hardly surprising that our economy relies more on the rest of the UK than on anywhere else.

The Scottish Government's economic response to Brexit was to invest in the Berlin hub. I welcome that, but given that we are leaving the EU, surely the Scottish National Party must also focus on strengthening our relationship with our neighbours south of the border and with those even further afield, in existing markets such as the United States, in new and emerging markets such as Brazil, and in fast-growing markets such as China and India. We heard evidence about the opportunity for expansion in markets beyond the EU. GDP growth in emerging and developing markets is projected to be around 4.6 per cent in 2017. In China and India, growth is forecast at 6.2 per cent and 7.6 per cent respectively, but growth in the euro market is forecast at just 1.5 per cent.

Michael Russell: I want to reassure Jackie Baillie by reading the opening sentence of

paragraph 147 of "Scotland's Place in Europe", which says:

"The proposal within this paper is predicated on maintaining Scotland's place in the European Single Market, in addition to—not instead of—free trade across the UK."

There is no danger to free trade across the UK; there is danger to trade with Europe from the position that Jackie Baillie now espouses—which is exactly the same as the Tory position.

Jackie Baillie: The SNP certainly appears to be more interested in pursuing a grievance with the rest of the UK. It is using Brexit as a battering ram for independence, and that will have a severe impact on trade with the rest of the UK.

It is increasingly important for the Scottish Government to work with the UK Government on trade promotion in the EU and beyond. I and the rest of the Economy, Jobs and Fair Work Committee welcome the Scottish Government's investment in promoting trade using, as one vehicle, chambers of commerce, but a relatively small amount of money has been awarded.

We also need to ensure that there is, at Government and business levels, capacity to engage in new trade deals. We can learn much from the Scotch whisky industry; we can build on its success and knowledge and its truly global reach. However, our Scotch whisky industry is still at risk post-Brexit. Indeed, we know that the most pressing risk for the sector is its losing out in markets further afield in east Asia and South America, because exporting to those markets is currently supported by EU-brokered agreements. Scotch whisky is a major employer in a unionised industry that exists across the UK. Of course, it is a major provider of good jobs in many otherwise isolated communities, as well as across the central belt. Surely those are exactly the type of jobs that we should be prioritising? I have today written to David Mundell asking that he meet the GMB, which is urging the UK Government to prioritise Scotch whisky. I hope that the Scottish Government supports that approach.

The committee heard evidence that Scottish businesses are not taking full advantage of export opportunities. That was cited as being due to a lack of access to finance and a lack of awareness of opportunities. At present, over 50 per cent of our exports are generated by just 50 companies. That tells me that there is a real opportunity and that many businesses that could export their goods and services currently miss out.

Although there is an important role for Scottish Development International in paving the way for Scottish businesses to access new markets, there is also an important role for Scottish Enterprise and its account managers to increase the capacity

of our businesses to export. However, at this critical time, the SNP Government has been cutting the budget of Scottish Enterprise—the very agency that is in charge of economic development in Scotland—by 48 per cent in real terms since 2009. That is the same Government that proclaims that growing the Scottish economy is a priority.

Let me turn briefly to the financial services sector. Financial services account for a significant part of the Scottish economy and of our prosperity. The sector contributes around £8 billion each year and employs directly something like 90,000 people, and the same number again indirectly. Some of the financial services sector will be affected by the potential loss of passporting rights in the wake of Brexit, and we may see jobs move to other financial centres in Europe. Others may not be directly affected, but Brexit could have an impact, nevertheless.

Then, there is the impact on individuals and families. We are already beginning to see households being affected by the fall in the pound in the wake of the vote on Brexit—before Brexit has even happened. Whether we are talking about increased food costs or increased household energy bills, prices are on the up. Experts including Stephen Boyle, who is the head of economics at the Royal Bank of Scotland, are telling us that it is our country's older and poorer households that are affected the most.

We have already heard how important the UK-wide market is for businesses and our economy. We know that we export more than 60 per cent of our goods and services to the rest of the UK. That is a fact; it comes from the Scottish Government's own statistics. Businesses also tell us that, in addition to Brexit, a key barrier to taking investment decisions—a barrier to economic growth—is uncertainty. The SNP's persistence in using Brexit as a road to independence creates even more uncertainty. *[Interruption.]* Deputy Presiding Officer, I hear the SNP front bench rumbling. Here we go.

What I describe is the reality that is facing businesses in Scotland today. An independence referendum is not something that our country needs and it is not something that the majority of people in our country want. A second referendum will be bad for our economy.

If Nicola Sturgeon is intent on committing economic vandalism by trying to push through her second independence referendum, Scottish Labour will firmly oppose it in Parliament. The SNP is obsessed with division. We believe that we are stronger together. That is why we will never support independence.

The Deputy Presiding Officer (Linda Fabiani): We move to the open debate. I remind

those who wish to take part to press their request-to-speak buttons. Members can have six minutes for their speeches; I have a little time in hand, so I can allow a little additional time for interventions.

15:07

Gillian Martin (Aberdeenshire East) (SNP): I was very certain of my reasons for voting to remain in the European Union last year. After hearing the testimony of those who gave evidence from sectors and businesses across Scotland in our inquiry, I am even more certain now that the so-called hard Brexit that is being mooted by Theresa May and her cabinet leaves Scotland in a needlessly challenging place—or as a victim of wilful fire-raising, if you will.

Most compelling for me was the impact that the loss of freedom of movement is predicted to have on the Scottish economy. I will use my time today to focus solely on that aspect of our evidence. I believe that evidence to be even more important, given this weekend's report in *The Telegraph* that the Prime Minister plans to announce curbs on EU nationals moving to the UK as soon as next month.

One stark piece of evidence on the positive effect that an increased population can have on a business came from Scotland Food & Drink representative James Withers, who talked of Walkers Shortbread, in my colleague Richard Lochhead's Moray constituency. Walkers has greatly expanded its business in the past 10 years, and its shortbread can be found in hotels and restaurants all over the world as a result of its increased capacity. That capacity increase has been a result of people from other EU member states moving into the area. We were told that, in the 1990s, Walkers could not expand to take advantage of the opportunities before it, due to a tight local labour market. The company now employs more than 350 Polish workers, at all levels in the company, who live with their families in the Aberlour area. Jim Walker was quoted as having "huge concerns" about the future of his business without access to labour from other EU countries. When Dean Lockhart talks about maximising our potential in exports, he would do well to consider those words from Jim Walker.

During our inquiry, committee members had the option of visiting businesses to discuss the potential impact of leaving the EU. I went to Denholm Seafoods in Peterhead. That pelagic fish processing plant estimates that over 80 per cent of its workforce is originally from other EU member states. We spoke to a few of them when we were there. Liana and Roman are long-standing core staff who live in Peterhead with their families; both of them are married to Peterhead locals. Other workers I met had been to Peterhead schools;

they spoke Russian or Polish at home with their parents and Doric on the factory floor with their workmates. Depending on the season, Denholm also needs to access temporary workers to enhance its core staff. Without the core staff, Denholm simply cannot operate and, without the seasonal staff, it cannot operate at full capacity.

A similar story comes from our visit to Angus Soft Fruits, where we were told that the company would effectively have to move its farming abroad without the vast amount of workers from other EU states that it has relied on for years to harvest its produce. A representative said:

“We could scale right back and match our production to the local labour. Or we could move abroad. There is already a lot of talk down south about that.”

Our food and drink industry is the envy of the world. It is one of our biggest export sectors, and a huge amount of energy is going into maximising Scotland’s exports. A hard Brexit has the potential to cut that off at the knees.

It is not only companies looking to export goods that have workforce worries; our universities, too, face great challenges. Alastair Sim of Universities Scotland said:

“There are huge issues about what the future is for new staff and international staff. We are proud to have about 4,600 EU staff in universities, across academic and professional disciplines. About 16 per cent of the academic workforce are from the EU. To put it bluntly, they face rather an uncertain future ... it is a difficult time to attract staff from EU countries, because there are no answers to those questions.”—[*Official Report, Economy, Jobs and Fair Work Committee*, 8 November 2016; c 25.]

I will end by talking about one of the sectors that came across very strongly as being potentially severely impacted by a cessation to freedom of movement. It is a sector that affects us all at one point in our family lives: the health and social care sector. Scottish Care gave compelling evidence regarding the issues that the sector would face without access to EU workers, and I urge members to read the *Official Report* of that entire session—the evidence is compelling, but too plentiful for me to quote now. The sector is already dealing with a 28 per cent vacancy level, and its recruitment issues would be exacerbated hugely if it were stripped of access to the EU labour market.

With health and social care partnerships reliant on nurses and carers from all over the EU, forgive me for giving short shrift to any member in this chamber who, having defended a hard Brexit, stands up in future to ask the Scottish Government about bed blocking, lack of care packages for the elderly or the closure of care homes like the one in Turriff, in my constituency, which could not recruit enough people. Given that those members will have denied our care sector the personnel that it needs to function in a way that would eradicate

those issues, they will be entirely hypocritical if they complain about the effects of that.

Our evidence was a ringing endorsement of the value of freedom of movement, which has given Scotland’s economy and communities a shot in the arm over the past 15 years. Freedom of movement is essential as we grow our economy. I urge those with influence at UK Government level—if any exist in this place—to make that point as a hard Brexit looms.

15:13

Liam Kerr (North East Scotland) (Con): On 23 June 2016, the British people voted to leave the European Union. Britain will leave the European Union, as per their instructions, and we must now work together to make a success of it. With that in mind, the Economy, Jobs and Fair Work Committee conducted an inquiry into the economic impact of that UK decision, with a remit to investigate how to seize any opportunities arising from the decision and to make recommendations to the Scottish and UK Governments.

I want to focus on the report’s conclusions in relation to trade. Brexit affords the UK, including Scotland, a great opportunity. I particularly welcome page 13 of the report, which makes it clear that the Scottish Government must now look at options beyond the European Union. It is time to look beyond the confines of continental Europe—in which our trade is dictated, negotiated and mediated by the European Union—to the wider world, and to explore those vast, untapped and overlooked markets that are often open to new trade and investment.

Ivan McKee: John Major said yesterday that if India was looking for a trade deal, it would want immigration concessions, and that a trade agreement with the UK is not one of China’s priorities. Will Liam Kerr comment on that?

Liam Kerr: Mr Major is entitled to his opinion but, given the fact that, in 2014, Nicola Sturgeon brought up the issue of bargaining chips, it is probably best that Mr McKee does not go there.

As Churchill said:

“We are with Europe but not of it; we are linked but not compromised. We are associated but not absorbed. If Britain must choose between Europe and the open sea, she must ... choose the open sea.”

We must be drawn to that open sea. The 2015 World Bank statistics show growth in the Arab world at 3.2 per cent, in east Asia and the Pacific at 3.9 per cent, in the middle east and north Africa at 3.1 per cent and in the EU at 2.2 per cent. That is why I welcome the fact that the inaugural Commonwealth trade ministers meeting will take place in London next week. The objective of that

meeting is to reaffirm the commitment of Commonwealth member countries to a

“transparent, free and fair multilateral trading system”

and to define an ambitious Commonwealth-led agenda for growth to promote trade, investment and job creation in member countries. That will support the target of increasing intra-Commonwealth trade to \$1 trillion by 2020.

Michael Russell: Will Liam Kerr give way?

Clare Adamson (Motherwell and Wishaw) (SNP): Will Liam Kerr give way?

Liam Kerr: No. Time is rapidly marching on.

Trade talks have already begun with the USA, Australia, Canada and New Zealand. The USA continues to be Scotland’s top international trading partner with a market worth £4.6 billion. Within the EU, the Netherlands—the largest market—is worth £2.3 billion.

The witnesses in front of the Economy, Jobs and Fair Work Committee could not have been clearer. James Withers of Scotland Food & Drink said:

“the doubling of SDI resources in Europe ... will be valuable, but we really need to think beyond Europe.”

David Williamson from the Scotch Whisky Association said:

“There is ... a need for SDI to revisit its international network and to look at where it puts its resources.”—*[Official Report, Economy, Jobs and Fair Work Committee, 8 November 2016; c 51-52, c 46.]*

The SCDI said:

“Upon leaving the EU, the UK will be in a position to engage in quicker negotiation process to create bi-lateral trade agreements with other countries which wish to pursue discussions at the time.”

However, in any discussion of Scotland’s trade, we cannot overlook one glaring fact that became more and more obvious over the months that the committee developed the inquiry and took evidence for the report: the United Kingdom is far and away the largest and most important destination for Scotland’s exports.

Scotland’s exports to the rest of the UK in 2015, excluding oil and gas, are estimated at £49.8 billion, an increase of £2.1 billion over the year. That is four times the size of the EU export market and £21.1 billion higher than the estimated total for total international exports. Moreover, £7.5 billion of financial services are exported to the UK and £210 million to the EU.

Professor Graeme Roy of the Fraser of Allander institute said to the committee:

“One of the big focuses for the Scottish Government in future policy rounds should be integration into the rUK market and what it can do to support expansion into it.”—

[Official Report, Economy, Jobs and Fair Work Committee, 1 November 2016; c 45.]

The recommendation on page 13 of the committee’s report is clear. It is vital that access to the UK market is maintained and

“the Committee recommends that the Scottish Government continues to support Scottish businesses in trading with this rUK market.”

There is nothing more important going forward for Scotland than its relationship, and freedom to trade without barriers, with the rest of the UK.

The people of Great Britain have spoken and we stand on the edge of an exciting, invigorating time for our country, business and our economy. The world is open to British business and investment in a way that it has not been since the 1960s. Opportunities are presented to us on all continents and with our oldest and closest friends in the Commonwealth, as well as our friends in the EU. The Scottish Government should be banging at the doors of those emerging markets—Scottish business needs and expects that. Who knows, the doors might be open already.

The report is clear. It says that the Scottish Government and its agencies must do more to improve Scottish exports; the Scottish Government must embrace Brexit and look at the opportunities beyond the EU; and the Scottish Government must do all in its power to maintain and improve our internal United Kingdom market.

15:20

Gordon MacDonald (Edinburgh Pentlands) (SNP): Scotland is the only part of the UK with a trade surplus, unlike the UK as a whole, which has a substantial deficit. The UK’s trade balance has been in deficit every year since 1998. The trade deficit in 2015 was £30 billion and, in 2016, it widened to £39 billion. Without Scotland’s annual trade surplus, the UK would be in an even more difficult position.

In 2015, the export statistics Scotland survey highlighted that Scottish businesses exported £79 billion in goods and services—that figure excludes £15 billion-worth of Scottish oil and gas. Oil & Gas UK told the committee that, in that same year, all gas and 75 per cent of oil exports went to the EU. Therefore, on the basis of Scotland’s total exports, 19 per cent of trade is with the EU.

While Scotland exported about £18 billion to the EU, about 44 per cent of UK exports in goods and services, worth about £220 billion, went to countries in the EU. EU membership—or at least access to the single market—is not just important to Scotland, but essential for the UK.

In evidence to the committee, Dr Margulis of the University of Stirling stated:

"I want to echo how much of a Herculean task it will be for the British Government to renegotiate its trade relationship with not only the EU but the other 50 countries with which the EU has preferential free-trade agreements that the UK currently enjoys. On a safe estimate, we are looking at it taking several decades just to renegotiate the access that the UK currently enjoys."

The Europa website treaties office database lists 890 bilateral and 259 multilateral international treaties and agreements that the EU or the EU and the member state have signed or ratified. Dr Margulis highlighted the difficulties for the UK in arranging any new trade agreement:

"the reality is that the UK has not negotiated a trade agreement since the late 1970s and has no capacity to negotiate such agreements. The UK has a much smaller economy than the EU and so does not have the same leverage, which means that when it strikes new deals, they are likely to be not as good as the deals that it currently has."—[*Official Report, Economy, Jobs and Fair Work Committee*, 1 November 2016; c 58.]

His view is in line with what Theresa May, as Home Secretary, stated in April 2016:

"It is not clear why other EU member states would give Britain a better deal than they themselves enjoy."

The impact of less-favourable terms was highlighted to the committee by the Scottish Leather Group, which was concerned about the potential impacts of increased trade duties and tariffs. It said:

"The imposition of tariffs could make already extremely competitive business unprofitable—certainly, less profitable—and that, in time, may render some businesses unsustainable."—[*Official Report, Economy, Jobs and Fair Work Committee*, 8 November 2016; c 26-27.]

Equally important to gaining access to the single market is the ease of doing business. The committee heard from companies about the importance of EU rules and regulations, especially the value of effective accreditation, licensing and certification systems. They also highlighted the need to retain the European protected geographical indication status that protects the integrity of products and ensures that they cannot be produced elsewhere for less.

Scotch whisky has had PGI protection since 2008 and the industry is worth £5 billion to the Scottish economy. The Scotch Whisky Association, in its briefing "Scotch Whisky and Brexit", states:

"The industry places great value on Scotch Whisky's international reputation and legal recognition as a product that must be produced in Scotland according to traditional practice."

The UK Government must ensure that protection is in place for that valuable industry.

Of course, Scotland trades not just with the EU, as 19 per cent of our total exports go to the rest of

the world, with America alone accounting for £4.6 billion in 2015. Jane Gotts of GenAnalytics said:

"The Scottish Government is to be commended, because its reach in international markets is very good. There is representation in all trading businesses through the UK, but Scotland itself has offices throughout Europe and in Asia and the USA."

Dr Fabian Zuleeg of the European Policy Centre told the committee that the decision to leave the EU has wide implications for trade:

"It is not just the relationship between the EU and the UK that will change fundamentally, but the relationship between the UK and the rest of the world. Should Scotland aim for the rest of the world, rather than for the rest of the EU? It is about both, rather than either."—[*Official Report, Economy, Jobs and Fair Work Committee*, 1 November 2016; c 40, 43.]

Support is in place to grow our exports, but there is a limiting factor—access to a skilled workforce. My colleague Gillian Martin highlighted the impact that there will be on a range of sectors if we do not have access to skilled labour to help our export market to grow. Being a member of the EU provides not only benefits in preferential access to markets for Scottish goods but, where necessary, the skilled labour that we need in order to take advantage of those opportunities.

The importance of the EU to the UK and Scotland was highlighted by the Prime Minister, Theresa May, in April 2016. She said:

"We export more to Ireland than we do to China, almost twice as much to Belgium as we do to India, and nearly 3 times as much to Sweden as we do to Brazil. It is not realistic to think we could just replace European trade with these new markets."

15:26

Pauline McNeill (Glasgow) (Lab): I welcome the committee's report and acknowledge the significant work that the committee has done in looking at the impacts and the opportunities of Brexit.

I was interested in what John Major said yesterday about Brexit. He said that a shift to a low-tax, more deregulated economy that trades under World Trade Organization rules, which is what some Brexiteers would like to have, would mean a fundamental rewriting of economic rules that would be unlikely to win public support. I think that there is a lot of support for his statement, and the important aspect is that such a change would not get public backing. We are entitled to challenge a hard-line, hard-core Brexit.

For the most part, I will address my remarks to the committee's excellent report. The evidence that the committee received was clear and sharp. There is no point in ignoring the fact that the evidence throws up the point that the issue is serious and complex. The UK's exit from the EU is

an evolving area that needs regular and detailed analysis as we move towards the final stages and new trade agreements. A common thread through the report is the lack of reliable economic statistics and the fact that national statistics are not broken down internally. It is clear that that has to change.

The report talks about the markets that are important to Scotland, about the importance of the UK market and about the fact that the top overseas destination for exports from Scotland is the United States. It talks about the importance of the EU market to the Highlands; about the new economies of China and India, which have been mentioned; and about a top priority being to maintain our current trade links with Europe. Proximity is cited as one of the most important determinants of a market, although it is not the only one, and it is clear from the report that our level of trade with the UK market is four times that of our level with the EU, although it is still important to recognise that our trade with Europe is worth £12 billion.

We know that specific Scottish factors must be considered in Brexit. In Scotland, the natural birth rate is rising and the population is growing, but that is happening more slowly than it is in the rest of the UK, because of a lower level of net migration to Scotland. Employment growth is also much slower in Scotland, and we have an ageing population, which we know about. It is therefore clear that Scotland needs immigration, including EU immigration, to meet its needs. That is why, as we have said in many debates, immigration and giving legal certainty to EU workers are of prime importance.

As other members have highlighted, EU workers make up a significant part of the workforce and contribute £7 billion to the Scottish economy. We know that they work mainly in the hospitality and education sectors and in the national health service, where 1,400 doctors and 4 per cent of nurses are from other EU countries.

Liam Kerr: The member's concern for EU citizens who are here is important, and I acknowledge her remarks about that, but does she share my worry that the Scottish Government does not accord similar concern to the British citizens who currently live in the EU?

Pauline McNeill: The member should recognise that the most significant point for this Parliament is ensuring the right protection for EU workers, who are crucial to our economy. Of course we should give equal recognition to the needs of British nationals abroad—this is not a competition—but it is a tragedy that we have yet to get legal certainty for the EU workers who are here. As I and other members have highlighted, the issue is not just about fairness; it is about the importance of those EU workers to the Scottish economy. If any

evidence is required of our reliance on immigration, it can be found in the fact that the number of EU nationals in the social care system has gone up by 40 per cent in the past three years.

I will not rehearse what Gillian Martin said about the importance of Polish workers to Walkers Shortbread and that company's huge concerns. Angus Soft Fruits said that one year it recruited local workers in January and lost them within two weeks. There is some evidence that we cannot rely on our own workers to apply for such jobs.

A significant issue in the report, which has been highlighted in Parliament, is the importance of post-study work visas to the economy and to the university sector. It is beyond me why the UK Government rejected the idea of regional post-study work visa schemes in its recent review, but I hope that that will be revisited.

Clare Adamson: Does the member share my concern that the UK Government seems to be able to give differentiated settlements to some places when it has the will to do so, as it did when it allowed Oxford and Cambridge universities to offer post-study work visas, while denying the rest of the country the same opportunity?

Pauline McNeill: It was a Labour Government that introduced the fresh talent scheme, which was good. We should argue for the reinstatement of post-study work visas not just for Scotland but for wherever in the UK they are needed. However, it is not just post-study work visas that are important. As part of the Brexit process, Britain will get a new immigration system, and Scotland needs to have a say in that.

In the university sector, 16 per cent of academic staff are from the European Union, but that figure rises to 23 per cent when we look at research-only staff. We must recognise how important research staff are to Scotland's economy.

I would like the minister to comment on paragraph 120 of the report, which mentions that Skills Development Scotland talked about the need to have a clearer picture of where our skills challenges lie. That is one of the biggest areas for any programme. Paragraph 121 says:

"Professor Wright suggested that there should be a rebalancing away from higher education to further education"

and

"more of a focus on technical and vocational skills".

That is quite a controversial statement, and I would like to hear what the minister thinks about it. If there is evidence for that, the issue needs to be discussed further in the Parliament.

As Jackie Baillie said, one of the most significant paragraphs in the report is paragraph 85, which says that the impact on the cost of living that we are about to face in Scotland and throughout the UK cannot be discounted. Ordinary families face a rise in the cost of energy, food, clothing and so on. If we do not tackle the cost of living, it will have a direct impact on the businesses that we are talking about. I was pleased that that point was made in the report, but I would like the minister to respond, if possible, to the previous point.

15:34

Ash Denham (Edinburgh Eastern) (SNP): Over the past few months, the Economy, Jobs and Fair Work Committee has considered testimony from a range of experts in an effort to better understand the potential economic impact of Scotland leaving the European Union.

We have learned that the impact will be very real, very dire and very consequential for many businesses, industries and jobs across Scotland. The evidence points to the EU single market being vital to numerous exporting businesses across a variety of sectors. Additionally, the EU provides its members with a level playing field for negotiating trade deals, as was the case with the recently concluded EU deal with Canada.

Despite recent Tory attempts to minimise the significance of the EU market for Scottish exports, Professor Brad MacKay, chair in strategic management at the University of St Andrews, testified that

“Europe will always be very important.”—[*Official Report, Economy, Jobs and Fair Work Committee*, 8 November 2016; c 3.]

We see that at first hand in Scotland’s largest cities. Recent figures from the think tank Centre for Cities show that Aberdeen, Dundee, Edinburgh and Glasgow had a total of almost £7 billion in exports to the EU in 2014 and that 61 per cent of Aberdeen’s exports alone go to the EU.

That does not negate the value of Scotland’s trade with the rest of the UK or our partners globally. As Dr Fabian Zuleeg of the European Policy Centre stated,

“It is about both, rather than either.”—[*Official Report, Economy, Jobs and Fair Work Committee*, 1 November 2016; c 43.]

He stated that the decision to leave the EU has wide implications for trade, which include putting a total of £12.3 billion-worth of Scottish goods and services at risk by cutting off the single market membership that is depended on for seamless trade.

While Brexiteers champion a fear of EU regulations, it is those very regulations that guarantee the accreditation, licensing and certification systems that businesses rely on for trade with the EU. It is clear that access to the EU single market is nowhere near the equivalent of EU membership. Almost any country can access the single market, but doing so without EU membership or an alternative such as EEA membership comes at a high price in both money and time. As Dr Matias Margulis, lecturer in political economy at the University of Stirling, said to the committee, the UK has not negotiated a trade agreement in four decades, so it has less capacity and leverage in negotiating than the EU collectively has. He described the UK’s task of renegotiating trade deals with Europe as “Herculean” and said:

“There must be some realism about where the UK sits in the global picture.”—[*Official Report, Economy, Jobs and Fair Work Committee*, 1 November 2016; c 58.]

Unfortunately, to Scotland’s detriment, Theresa May is forging ahead on article 50 without even a hint of that realism. The consequences of leaving the EU will not just be hard on Scottish exporters, as there will also be unfortunate implications for Scotland’s labour force and the many EU citizens who live and work here. The Prime Minister has still done nothing to assure the place of EU nationals in the UK, which paints a bleak picture for the Scottish economy, as it depends so much on their skills and knowledge. What has our society come to when the guarantee of someone’s livelihood and legally chosen home is swept out from underneath them?

As experts and business leaders alike have testified, Scotland relies on skilled and non-skilled immigration. That reliance, coupled with the employer challenges in sourcing labour locally that Gillian Martin outlined, should be of great concern to the Scottish Parliament. Further, the President of the European Council, Donald Tusk, has made it abundantly clear that the UK’s refusal to abide by freedom of movement means that no à la carte entry to the single market will be possible, and all EU leaders have said the same.

Dean Lockhart: There are 70,000 young people in Scotland aged between 16 and 24 who are not in employment. Does the member agree with Keith Brown that we should be looking to reskill those people to address any gaps in employment post-Brexit?

Ash Denham: As the example of Angus Soft Fruits clearly illustrated, in certain localities—I am not saying that the situation is the same across Scotland—it is simply not possible to find the required labour locally. We therefore need to look beyond that to an alternative solution, which is

maintaining freedom of movement to Scotland because we need it.

The University of Edinburgh's faculties, students and staff are critical to the vibrancy of the city of Edinburgh, but that vibrancy is threatened by Brexit, because 25 per cent of the university's academic staff are EU nationals, as are 17 per cent of its staff in total. Alastair Sim said to the committee:

"Free movement of talent is the life-blood of universities".—[*Official Report, Economy, Jobs and Fair Work Committee*, 8 November 2016; c 29.]

What will happen to Scotland's universities, which play such a fundamental role in the robustness of Scotland's economy, when their "life-blood" is ended?

The Scottish people have overwhelmingly rejected the hard-right Brexit disaster that is being forced on them. Through their voices in the referendum and their representatives in this Parliament and at Westminster, they have been clear. The Scottish Government has also been forthright and committed to negotiations with the Prime Minister, but it is clear that Scotland's best interests are being ignored from all sides.

Brexit is a threat to Scotland now and a threat to Scotland's future, and the conclusions and recommendations in the committee's report reflect that. I think that the Scottish people would wish to send a message to the right-wing Tory Government that a hard Brexit is not something that Scotland wants or has voted for.

15:40

Willie Rennie (North East Fife) (LD): I commend Gordon Lindhurst and his committee for the work that they have conducted on the report. It talks about impacts and mitigation, and the convener effectively set out the long list of activities, plans and strategies that should be considered as part of a wider economic strategy. He talked about small and medium-sized enterprises being central, about Scottish Development International and new markets, about trade and investment strategies and a four-point plan, and about trade envoys.

What is significant about all those things is that not a single effort has been prevented by the European Union. All of that can be done within the EU structure that we have at present. It has been implied that the EU has prevented us from engaging in markets around the globe, but I believe that it has lifted us up and given us a bigger trading bloc from which we can operate and trade throughout the rest of the world. Rather than seeing the EU as a hindrance, we should have seen it as an opportunity. The rewriting of history by the Conservatives is unfortunate.

It is difficult to accept the sunny, optimistic dreams of people such as Liam Kerr, who say that the world is our oyster and that we will be able to achieve much more when the European Union has been shed from our backs. They produce a chart that, I think, Nigel Farage produced at one point, which shows growth in trade around the world only exponentially increasing, while the line for the EU is always going down. They say that, if only Britain had an opportunity to access that trade around the world, we could achieve much more. Nigel Farage used to say those things; now, Liam Kerr says them. Liam Kerr says that the situation is exciting and liberating, but I think that it is reckless and cavalier to dispense with the EU as a trading bloc and with the opportunity to trade with it, and that is the implication of the report.

The Conservatives are fond of saying that the United Kingdom means more to us, in terms of trade, than the rest of the European Union does. That might be true, and I would not want to leave the UK, but that implies that we are somehow going to cut ourselves off from the EU, that it does not matter any more and that somehow we can easily replace it with trade with the rest of the world. I do not accept that picture of sunny uplands, which is reckless and cavalier; it is not exciting and liberating, as Liam Kerr suggests.

It is quite revealing to read the committee's report in detail, not necessarily because of its conclusions but because of what it does not say—the omissions. That is not a criticism of the report's authors, because there are still huge gaps in our knowledge, so the report is still asking questions.

The report was supposed to come up with answers, but it contains more questions. Paragraph 73 states:

"some financial services sectors will be more affected by the potential loss of passporting rights than others."

We kind of knew that, and the report does not tell us an awful lot more about how to tackle that—it does not really deal with solutions. On foreign direct investors, it says:

"How important that would be in the overall balance of their decision making would depend on each individual case."

Again, that does not tell us an awful lot more about how we will tackle the issue. We still do not have the answers.

I will give another example where the report is similarly vague. It quotes Professor MacKay, who said:

"we need to think about the various things that Scotland can do to maintain an attractive and competitive environment".—[*Official Report, Economy, Jobs and Fair Work Committee*, 8 November 2016; c 17.]

Yes—bloody hell, we need to think. We need to think pretty quickly to tackle the threat that is coming down the line. I apologise for going slightly off track with my language, Presiding Officer. I know that people do not approve of that in East Kilbride.

The report is right to highlight the impact on costs because of inflation in retail prices and energy prices, as well as the impact of energy, food and clothing costs hitting the elderly and the vulnerable in particular. However, it does not mention that mortgage costs could rise in the near future or that foreign direct investment or jobs could be affected. None of those things is mentioned in the report, yet they will affect people's pockets directly, and we should be deeply concerned about that. Gary Gillespie of the Scottish Government reinforced that point strongly.

Gillian Martin pointed out that Walkers Shortbread has expanded and flourished because of the additional workers it has had access to. Angus Soft Fruits said that it would have to scale back production if non-EU labour was not available in the United Kingdom. In my constituency, Kettle Produce—a first-class company in the heart of Fife—has grown dramatically and has benefited from foreign workers coming into this country. Fishers Services laundry, which provides a great service to the hospitality sector, and the Scottish Leather Group are further examples of the endless number of companies that have come before the committee—and which I have heard from directly—to say that they have benefited from the workers who have come into this country. That is all put at risk by the Conservatives' reckless behaviour. Rather than talking about liberation and excitement, they should be coming here to apologise for the risk that they have posed to the Scottish economy.

The university sector has been dramatically impacted, too. At the University of St Andrews—a first-class institution in my constituency—22 per cent of academic staff and 31 per cent of research staff are from the European Union, and 20 per cent of research funding, or £8 million a year, is from the EU. The universities of Dundee and Edinburgh are similarly affected.

Those are the dramatic impacts that we can see in businesses in our communities, which is why we should reject leaving the European Union as much as we should reject leaving the United Kingdom.

The Deputy Presiding Officer: I recognise that there is a relaxed atmosphere in the chamber, but do not get too relaxed again, please, Mr Rennie.

15:47

Ivan McKee (Glasgow Provan) (SNP): I remind Parliament of my role as parliamentary liaison officer to the Cabinet Secretary for Economy, Jobs and Fair Work.

I thank the Economy, Jobs and Fair Work Committee for arranging the debate on this critically important subject, and for the work that it has done in putting together its report. The report—and the whole Brexit debate—is like the reaction to a natural disaster or the aftermath of an unexpected financial crash: we talk about what we can do to deal with the negative consequences of the bad thing that has happened to us. We treat it like an act of God that has been visited upon us, and as something that we have no choice but to persevere with, regardless of the impact that it will have on our businesses and our living standards, as we work to salvage what we can from the wreckage. However, that pain is entirely self-inflicted.

The report is clear on the impact of Brexit. It states:

“Evidence received shows that access to the single market is vitally important to many exporting businesses in a number of sectors in Scotland”.

Let us be grateful that not every business in every sector will be trashed as we rush towards the exit door. The report also recognises the damage that Brexit will do to personal finances across the country. It states:

“The impact of cost rises on Scotland's older and poorer households is of particular concern to the Committee.”

The report holds out for the possibility of an occasional glimmer of a silver lining that might be an unintended consequence of the otherwise unrelentingly bad outcomes from the course of action upon which we are embarked. There is a relentless search for something that is not quite a disaster to soothe the pain of the cliff edge that is looming ever closer. The authors of the report search desperately for someone, somewhere in the world to say something about doing us a favour by taking advantage of our restricted negotiation options to drive a hard bargain with UK plc.

The report concludes:

“the reality is that most trade, even in this global world, is still regional. ... so Europe will always be very important”.

The damage that will be done by Brexit will hurt our economy in ways that the report only begins to document. Members of the Brexit parties no doubt consider the 80,000 job losses that are heading Scotland's way to be a price that is well worth paying.

The plain fact that things do not need to be like that is being lost in all of this. The Tory party is

focused on keeping the UK Independence Party in its box by aping its politics, and the Labour Party lacks a sense of purpose and the direction to call Brexit out for what it is. It is no surprise that neither has Scotland's interests at heart.

The Brexit negotiation has not even started yet, of course. Today, we have heard a past Conservative Prime Minister warning of the disasters that are yet to come, and of the UK Government's unrealistic expectations of the article 50 negotiations. It is becoming increasingly clear that the UK Government does not have the first idea about how to go about negotiating its exit from the EU or securing trade deals with third countries. It is reliant on massaging the ego of President Trump with a state visit to the UK in the hope of securing some kind—any kind—of deal with the most protectionist US Administration of the past 100 years. There is the ridiculous spectacle of the UK Government scouring the globe and hiring international trade experts, because the UK has none, in order to try to salvage something from the train wreck of a policy that was supposed to reduce immigration. How ironic.

My experience of working in exporting businesses throughout Europe, and in managing manufacturing facilities in Poland and Croatia before and after their entry to the EU, has given me an understanding of the hard reality of operating outside the single market, and of the many tariff and non-tariff barriers that will hurt Scottish business if Brexit goes ahead. British Chambers of Commerce recognises that reality, too, and has pleaded for an extension to the exit timetable in order to mitigate the impact of the cliff edge on its members.

The Economy, Jobs and Fair Work Committee's report also considers the labour market impact. In the education, health and social care, hospitality and food sectors, the impact of the loss of skills and personnel will be significant. The report says:

"The Committee notes the reliance in some sectors of the Scottish economy on EU labour, both skilled and unskilled ... there are significant skills gaps in some sectors ... particularly in certain regions in Scotland where there are insufficient people available to fill vacancies."

Scottish Chambers of Commerce has made it clear today that a differentiated solution on EU immigration is not only possible for Scotland, but is essential for our businesses.

On top of the self-inflicted pain to our economy, there are the human stories. There is the uncertainty that has been heaped upon EU citizens who live, work and run businesses in Scotland and contribute to Scottish society. Some people understand their value. A recent report from Poland highlights the expected economic benefits to its growing economy of the return of

Poles, thanks to Brexit. Young skilled workers and their families, who are the lifeblood of any economy, will give a boost to the Polish economy and its demographic challenges. That will all be at the expense of a UK that is stumbling towards a disaster, and dragging Scotland with it.

With that, we will lose a generation of children who have made Scotland their home. We can ill afford that demographic impact. Who knows what talents those people might take with them? They are youngsters with ambition and a future. Poland in particular has a fine history of exporting talent. The person could be the next Frédéric Chopin, the next Marie Skłodowska Curie, or perhaps the next Robert Lewandowski. We can ill afford to do without such talents in Scottish society.

Scotland has options to escape the lunacy of Brexit. The SNP's proposal to ensure our continued place in the single market needs to be taken seriously by the UK Government. Whatever its response, Scotland will take whatever steps are required to protect our place as an international trading nation and to avoid the disasters that are highlighted so clearly in the report. The people of Scotland can be sure of that.

15:53

Bill Bowman (North East Scotland) (Con): I am glad that there is a little bit of sunny optimism among the Conservatives. I think, from the way in which Ivan McKee has painted things, that it is pretty miserable in the middle of the chamber, where SNP members are.

I joined the Economy, Jobs and Fair Work Committee on the final day of its deliberations on the report and therefore missed the evidence sessions that took place prior to that. However, I was present through enough of the discussions to understand the key points, to be able to make a contribution this afternoon, and not to be accused by Mike Russell, who has perhaps left the chamber, of "culpable and reckless" debating. I think that that was the legal term that he used.

I want to speak a little about inward investment and the labour market. Since the UK voted to leave the European Union, the discussion has focused on what trade deals will exist in post-Brexit Britain. Like my Conservative colleagues, I am still optimistic about the opportunities that will flow from being able to trade more globally.

Looking closer to home, it is of vital importance that Scotland has an environment that is not only welcoming to businesses and entrepreneurs that want to establish themselves and create jobs here, but which is appealing. I am pleased that in its "EY's attractiveness survey UK 2016: Positive rebalancing?" Ernst & Young stated that

“Scotland’s perceived attractiveness for foreign investors remains at a reassuring level”.

However, the report also warned that

“Continued improvements to infrastructure and skills development will be necessary in order for Scotland to attract more inward investment in the future”.

We must not underestimate the importance of inward investment.

Investors like certainty—or, to put it another way, they do not like uncertainty. The uncertainty that concerns investors at the moment is the threat of another independence referendum. Scotland neither wants nor needs another referendum, so it is time that the Scottish Government took it off the table and focused on growing Scotland’s economy, as we have heard.

One of the findings in the committee’s report was that Scotland must do more to attract inward investment, following recent figures that were poor compared to the rest of the UK’s. The Scottish Government’s trade and investment strategy acknowledged that in order to attract more inward investment, more needs to be done to raise awareness that Scotland is open for business. We have a proud and distinguished history of entrepreneurship, invention and creativity. In such a competitive global market it is more important than ever that we encourage investors to look in our direction [*Interruption.*]

The Deputy Presiding Officer (Christine Grahame): I think that that was your paper hitting the microphone.

Bill Bowman: Oh. Was it me?

The Deputy Presiding Officer: I do not think that it was sabotage.

Bill Bowman: It was self-inflicted.

I was pleased to note that the Scottish Government’s strategy identified, as it describes it, the

“relatively low awareness of Scotland among investors in Asia”.

Whereas China, India and Japan all featured in the top six countries of origin for foreign direct investment projects into the UK in 2015, in Scotland’s case they were replaced by Norway, Canada and Australia. Clearly there is scope for more inward investment in Scotland, so I look forward to monitoring, through the work of the Economy, Jobs and Fair Work Committee, the progress of the Government’s strategy and its four-point plan.

Fundamental to Scotland’s trade and investment is a thriving economy, and at the heart of that is a skilled workforce and labour market. In the course of the evidence sessions, the committee heard from various witnesses about dependence on

European labour, and we on the Conservative side of the chamber fully recognise the importance of immigration to Scotland’s economy. I am in no doubt that immigrants will continue to make a positive contribution to the prosperity of our country after Brexit.

When he appeared in front of the committee, Keith Brown acknowledged the need to reskill Scotland’s people—an issue that was picked up by my former employer, KPMG, in its “Rethink Manufacturing” report. It carried out a survey among manufacturers that have operations in Scotland, and 60 per cent of respondents felt the need for a better-educated workforce. The survey found boosting workforce skills and quality education to be among the key priorities for the manufacturing sector’s continuing growth. That view is shared much more widely than only the manufacturing sector. We need to look at how we align the needs of our economy with the skills that our people—particularly our young people—are equipped with, and we should reflect on how we propose to reskill and upskill our people to meet those needs.

I believe that Scotland has a bright and more global future out of the European Union, but we are only going to realise the opportunities if we have a Government in Scotland that is prepared to knuckle down and work constructively to secure the best deal for all our people and our economy. That is something that we seem to be lacking at the moment.

15:59

Mairi Evans (Angus North and Mearns) (SNP): Although I am not a member of the Economy, Jobs and Fair Work Committee, I am glad to take part in the debate, because its report is vitally important. It outlines in clear and concise terms exactly how Brexit will affect areas of our economy. The conclusions of the report make it clear that Scotland’s leaving the EU, leaving the single market and no longer having free movement of people will have a seriously detrimental impact on our economy and on our country.

The report articulates some of the very real fears that many businesses and organisations have about Brexit and the eventual outcome of Brexit negotiations. None of us has to venture very far—even in our own constituencies—to find people who are seriously concerned about what is happening.

Last week, I had the pleasure of sponsoring an event in Parliament for the East of Scotland European Consortium, which is an organisation consisting of eight local authorities on the east coast of Scotland. I would like to thank all the

members of the Scottish Parliament who took the time to attend what was a hugely informative and successful event. It was held to showcase to members of the Parliament the sheer breadth and variety of EU-funded projects that have been happening in our local communities—not only that, but the massive reach and impact of those projects, and not just at local level but nationally. Also—and just as vital—those projects did not just showcase the extent to which EU funds are integrated into what we deliver; they also highlighted the importance of free movement of people, the importance of the EU in research and development and its importance in sharing knowledge and skills.

One such project that I think is important to highlight was showcased by Abertay University in Dundee. The project, which is led by a professor of systems biology, Professor James Bown, of Abertay University, and Professor David Harrison, of the school of medicine at the University of St Andrews, is a simulation tool known as SiVit. I hope that I am getting the pronunciation right as I go along. It is a remarkable project that has the potential to revolutionise and to transform completely the way in which new life-saving cancer treatments are developed. It uses video games expertise and technology and is an interactive animated tool that simulates cancer cells, thereby allowing virtual experimentation with various anti-cancer drugs. Clinicians can see in real time how different drugs and different doses affect a cell—the tool allows them direct visualisation and interaction with the process, for the first time. I wish that I could go into more detail about the amount of work that was involved in developing the tool, but the mathematics and algorithms that are involved are far too complex for my brain to comprehend, let alone for me to explain to anyone else. It is something that is probably best left to the likes of Stewart Stevenson.

The Deputy Presiding Officer: Do not encourage him, Miss Evans.

Mairi Evans: The technology is not limited to looking at cancer cells alone; it could be transferred to many different systems. The team that developed the tool is currently examining whether it can be used to safeguard the UK's water, energy and food security in the future.

It is important to remember that the project did not come from one team alone; it came, after three years in development, from mathematicians, medics, biologists and people who are involved in developing computer games technology. It is a truly multidisciplinary effort that has been developed by people from Scotland, the EU and the wider international community. The Economy,

Jobs and Fair Work Committee's report highlights exactly how important such a mix of talent is.

Alastair Sim has been quoted a few times by other members today, talking about the "free movement of talent" being "the life-blood" of our universities—something that is now, if media reports yesterday about the Prime Minister's announcements on EU migration prove to be true, distinctly under threat. EU nationals make up 16 per cent of academic staff in Scottish higher education institutions and 23 per cent of research-only staff. In the north-east, in particular in Dundee, between its two universities, the University of Dundee and Abertay University, almost 200 jobs are potentially at risk—not to mention the students themselves.

As well as problems around migration, opportunities for funding—or lack of them—will hit our universities hard. One of the biggest funds available to our institutions is horizon 2020, which is a transnational fund worth €80 billion for the current funding period 2014-20. In the previous funding period, Scotland benefited to the tune of £636 million from the fund and its predecessor, which was the EU framework 7 programme. I will put that in context. In the previous programming period, the University of Dundee was involved in over 20 research projects and had secured €65 million of funding as well as €5 million for the small and medium-sized enterprises that were involved. That is just one fund from which our universities benefit.

Unfortunately, there is not enough time today properly to delve into or to cover all the areas that are mentioned in the report and that need to be investigated. There are sections, such as those that were mentioned by Gordon Lindhurst in his opening comments, and by Jackie Baillie, about the impact on households, which could be huge. That causes me serious concern. I was surprised to see that something that could have such a massive impact gets only two paragraphs in the report. Although I understand that the report cannot possibly list all the evidence that was given, I was surprised from reading the evidence and reading the final report that some important elements seem to be missing.

It is imperative that the Scottish Government looks to the report's conclusions and uses the evidence from each of the sectors to urge the UK Government at every available opportunity to listen to the evidence, to listen to our constituents, and to listen to Scotland.

16:05

James Kelly (Glasgow) (Lab): I join other members in congratulating the Economy, Jobs and Fair Work Committee on its work. There is no

doubt that Brexit is a major issue. If we look at the issues that have been dealt with in the history of devolution, Brexit could have a more serious impact than anything that we have faced since 1999. It is therefore right that a parliamentary committee should look at Brexit's impact on Scotland's economy and I congratulate the committee on the substantial amount of work that it has carried out.

I will look at a number of aspects of the report. One of the key factors affecting economic activity is inflation and the report makes the point about Brexit's impact on import inflation. We have not even started the article 50 process but, with the fall in the value of the pound, we are already seeing an impact on import inflation. Some of our companies require to purchase a lot of their raw materials from abroad and they are already seeing an increase in their cost base that impacts on their ability to sell on to other markets and could also impact on employment.

That is not just a concern for the private sector. There is a link to the public sector, because the health service purchases a lot of material abroad. Prices will go up and that will have an impact on NHS budgets.

As the report makes clear, the overall impact will be on household incomes, particularly those of the poor and the elderly. We have to look at the wider issues around that, because it is not just about inflation increasing the cost of the goods or the energy that people buy, it is that some forecasts have quoted a figure of 80,000 potential job losses. If that is correct, it will have an adverse effect on the Scottish economy and it will directly feed into the Scottish Parliament budget, so that the cuts that we have seen in our recent budgets are likely to be replicated further down the line as a result of import inflation. That will have dire consequences for us.

It is clear that EU citizens make a major contribution to the Scottish labour market, which employs 115,000 EU citizens, who make up 4 per cent of the workforce. A number of members have quoted local examples such as the Scottish Leather Group, 25 per cent of whose 900 employees are EU citizens. The skills that they bring make a major contribution to that company.

There is a wider debate to be had about the skills shortage in the economy. There is no doubt that there are concerns about what will happen if there is a drop in the number of EU citizens coming to Scottish universities to learn, some of whom would graduate and take up skilled posts and make a major contribution to the economy.

We cannot get away from the export figures. Of £78 billion in exports, almost £50 billion goes to the UK, £12 billion to the EU and £16 billion to the

rest of the world. The reality is that our major market is the UK. A lot of people, quite rightly, have talked up the benefits of our trade with the EU, but we cannot run away from the fact that our major single market is the UK and it would be sheer folly to break away from that market.

Where does that leave us and how do we move forward? It is quite clear that, even at this stage in proceedings, we need to speak out loudly and clearly against the impact of a hard Brexit. We need access to the single market and we need access to ensure that EU citizens are able to play a full part in our country and our economy.

It is clear, because of those trade figures and the importance of proximity that the committee pointed out, that it would be not only a mistake to break away from the UK but a major mistake to embark on a second independence referendum, with all the uncertainty that that would bring.

My final point is that we need to look properly at a Brexit action plan that accelerates infrastructure spending from both the UK and the Scottish Governments to support, for example, city deals. In Glasgow, which I represent, it would be great if the airport rail link was progressed more quickly, because that would improve connectivity, make a contribution to the economy and make us more robust in dealing with the potential shortfalls that we face.

We must protect the position of EU citizens and, finally, we need to reject austerity budgets from both the UK and the Scottish Governments. When we are seeing pressures from inflation, a drop in economic growth and a drop in employment, the last thing that we need is austerity budgets. We need to use progressive taxation to extend our budgets and to protect the "older and poorer households" that the report discussed.

16:12

Gil Paterson (Clydebank and Milngavie) (SNP): I declare an interest: I own a business that relies heavily on imports from the EU.

Ever since the Economy, Jobs and Fair Work Committee was formed in this session, there have been concerns that the statistics, particularly in regard to the Scottish economy, are not particular to Scotland or dependable enough to adequately assess Scotland's economic output.

Leaving the European Union has raised enormous questions over how Scotland will trade with the EU. Even now there are questions over the value of Scotland's exports to other countries and I can only imagine how much worse that will get, causing further exports from Scotland to go unreported.

During one committee meeting, we had the pleasure of having representatives from the Scotch Whisky Association, Scottish Engineering, and Scotland Food & Drink. They all highlighted problems with the statistics showing Scotland's export power. The Scotch Whisky Association highlighted that

"the figures in the Scottish Government's global connections survey do not always tally up with the figures of HM Revenue and Customs."

Scottish Engineering gave the example of a north-east manufacturer of flotation devices that were going to the likes of West Africa and South America and pointed out that

"Nevertheless, the ONS categorised the manufacturer as a non-exporter because it was selling its components to major extractors, including the likes of Shell and BP, and through intermediaries".

James Withers of Scotland Food & Drink gave a stark comment, saying that

"although the figures are flawed, provided that they are consistently flawed, we will at least get a sense of the direction."

However, they

"take the figures with a huge pinch of salt".

James Withers also stated:

"It seems crazy to me that if someone buys a Scottish steak in a supermarket in Shanghai, we can tell them what farm it came from but we cannot track whether it is a Scottish export using our way of measuring that in the UK."—[*Official Report, Economy, Jobs and Fair Work Committee*, 8 November 2016; c 48-49.]

Scotland Food & Drink is almost certain that the figure of £1.1 billion of food exports undervalues what we export. The organisation also believes that we undervalue our exporting of salmon, which is our number 1 food export and the UK's number 2 food export. I fear that Scotland is experiencing something similar to the Rotterdam effect, through which trade figures for the Netherlands are artificially inflated by goods that are dispatched from or arrive in Rotterdam despite their ultimate destination or country of origin being elsewhere. In our case, the port would be the likes of Felixstowe, and the trade figures for England are artificially inflated by Scottish products.

Dean Lockhart: The Scottish Government release with frequently asked questions about exports states that

"All international exports relevant to Scotch Whisky are counted as Scottish exports, irrespective of the port at which they depart the UK"

and that all

"Scottish goods which are exported via ports from the rest of the UK"

are

"counted as international Scottish exports."

Is there something that is not clear in those statements?

Gil Paterson: I will come on to that, but I think that those quotes are about direct exports.

The uncertainty on the issue is damaging to individual companies and to the industries that benefit from their skills. I own a business, which my son runs and which has millions of pounds in turnover of highly specialist coatings for the industrial and automotive industry. Just about 100 per cent of those are produced in the EU and they all come via an English port, with a substantial amount stored and then shipped from England from holding companies. My business and I are not sure whether any of those products are registered as Scottish imports from the EU. A lot of the material is not manufactured in the UK and a lot of it is re-exported back out of Scotland as a finished product. Is it considered to be a UK import from the EU or is it classed as a UK export to Scotland? I have no idea what the definition is.

In normal circumstances, none of that would matter. However, when, day after day and week after week, figures are bandied about in a way that is potentially damaging to the Scottish economy, something clearly needs to be done. No business, no matter its size, never mind a country, would be without the vital numbers on its performance. Given all the statistics that are collected by the ONS, I find it hard to believe that figures for different parts of the UK are not already available and assembled accurately and with confidence. For Scotland at the moment, we have surveys but, with Brexit, it is vital that the stats are spot on.

I commend the committee's report to Parliament.

16:18

Rachael Hamilton (South Scotland) (Con): Like Mairi Evans, I am not a member of the Economy, Jobs and Fair Work Committee, but I am pleased to be involved in discussing the findings of its investigation into the impact of the decision to leave the EU, in the context of Scotland's economic strategy.

I will focus on a number of the recommendations that the committee makes to the Scottish Government. The first is on the importance of trade with the rest of the UK—the SNP does not like that said, but I am going to say it. I will also talk about opportunities arising from the decision to leave and the potential growth of Scotland's export markets.

A quote from Professor Graeme Roy of the Fraser of Allander institute sums up the debate. He said:

“The delivery of the economic strategy cannot be exactly the same prior to Brexit as afterwards.”—[*Official Report, Economy, Jobs and Fair Work Committee*, 1 November 2016; c 38.]

I am sure that we all understand that. Like many people, Professor Roy believes that there will be new challenges and new opportunities but, like only some of us in the chamber, he also understands that it is necessary to reassess the economic strategy now that we are leaving the European Union.

Point 1 today, which SNP members have scoffed at repeatedly when a number of other members in the chamber have raised it, is that the UK is Scotland’s largest market, standing at—

Gillian Martin: Will the member give way?

Rachael Hamilton: Can I just finish my point, please? Exports to the UK stand at £49.8 billion, or 63 per cent of Scottish exports, so it is vital that access to that market is maintained.

Gillian Martin: At no point, in any circumstance, has the SNP ever said that it does not want to trade with the rest of the UK. I ask whether it has ever been suggested that the rest of the UK would not trade with a Scotland that perhaps stayed in the EU? Is that the issue? Is that what is being suggested?

Rachael Hamilton: I thank Gillian Martin for that intervention. I presume that she is talking about coming out of the single market. Charles Grant has said that it would be extremely difficult to do that, and Fabian Zuleeg has said that it is highly unlikely that one part of the UK could leave the single market and another could stay in. If members read the *Official Report* of the debate, they will see that the SNP and its back benchers have been scoffing at that analysis today.

The committee recognises the importance of the UK market and recommends that the Scottish Government continues to support Scottish business in trading with the rest of the UK. As a priority, the SNP Government must maintain the integrity of the UK single market, which is four times more important to Scottish business than the EU single market. The SNP Government should not now risk erecting new barriers to trade with the UK by forcing a Norway-style plan on to the agenda. Fundamentally, this Government has a duty to play an active role in making the best of Brexit—

Michael Russell: Will the member give way?

Rachael Hamilton: Can I just finish my point, please? That means getting out into the world to make the UK a beacon of free trade.

Michael Russell: I really want to know from the member whether she is contending that it is either/or—either trade with the UK or trade with

the EU? If that is her contention, what does that mean in reverse for the UK?

Rachael Hamilton: I think that that is quite a ridiculous point from Mike Russell. [*Interruption.*] I think that it is about time that you actually got behind the United Kingdom’s decision to leave and made a success of Brexit.

“Scotland’s Trading Future” says that, if the annual growth trend over the last 10 years continues, our exports to the rest of the world will be two thirds more valuable than our exports to the EU by 2025. We must therefore promote Scotland’s famous exports, such as whisky, which has been mentioned numerous times today. We should indeed be proud of the amber nectar, and I am sure that we all are. Scotch whisky is Scotland’s biggest export to the world and the single biggest net contributor to the UK’s balance of trade in goods.

Deputy Presiding Officer, last week in the Culture, Tourism, Europe and External Relations Committee, I asked the Minister of State for Trade and Investment, Greg Hands MP, how he will make the best use of those trade opportunities for Scotch whisky. Mr Hands talked about the importance of trade for Scotch whisky, stating that 93 per cent of the Scotch whisky that is produced is exported. Last year, the total value of that export trade reached £3.999 billion—just a few bottles short of £4 billion, and up from £3.845 billion in 2015. Also, single malt whisky exports topped £1 billion for the first time in 2016. The United States remains the biggest market of all for value of sales, which has risen from £749 million to £854 million. The minister also talked about the UK Government’s trade talks with Taiwan, the fourth-largest export market for Scotch whisky, and how the UK Government wishes to build on that trading relationship. The UK Government is keenly aware of the industry’s importance to Scotland, and it has worked to negotiate the protection of Scotch whisky as a registered geographical indicator in Canada.

On my second point, the Economy, Jobs and Fair Work Committee recommends that the Scottish Government embraces Brexit and looks at the opportunities beyond the EU—that is taken from paragraph 60 on page 13.

Future GDP growth in emerging and developing markets, as I have said before, is projected to be around 4.6 per cent in 2017, compared with 1.5 per cent in the euro area. Specifically, growth in 2017 is forecast to be 6.2 per cent in China and 7.6 per cent in India.

The Scottish Government must help to facilitate opportunities for small to medium-sized businesses to enter those markets, which have huge potential. There is a world beyond the EU. It

is time that the Scottish Government started to recognise and invest in that world.

The SNP should take the advice of David Williamson from the Scotch Whisky Association, who told the committee that

“There is undoubtedly a need for SDI to revisit its international network and to look at where it puts its resources.”—[*Official Report, Economy, Jobs and Fair Work Committee*, 8 November 2016; c 46.]

He also spoke of the opportunity to engage in quicker negotiation processes to create bilateral trade agreements with other countries that wish to pursue discussions.

The report highlights opportunities that are available to Scotland to pursue, and the importance of the UK single market. Scottish whisky has been mentioned many times today, and it is a case in point with regard to the huge growth opportunities that are available for fantastic Scottish exports. The UK Government is working hard to get the best possible Brexit deal. The SNP Government should join in.

The Deputy Presiding Officer: Before we move to the closing speeches, I will name one culprit who is still not in the chamber. I am speaking slowly, in case he is about to come in, but I see that he is not. I expect a little note from James Kelly with an apology for not obeying the rules of the chamber.

16:25

Richard Leonard (Central Scotland) (Lab): With this report, which was written on a cross-party basis, the Economy, Jobs and Fair Work Committee has laid down some important challenges for industry in Scotland, for the trade union movement in Scotland, for this Parliament and for the Scottish Government. Anyone who has watched this afternoon’s debate might be surprised to hear that we on the committee were able to reach a consensus. However, many of our goals were shared and all the recommendations were unanimously supported by all members of all four parties on the committee.

For my part, I want to emphasise that there is a golden thread running through the report, which is that the economic impact of leaving the European Union is not just a matter of business interests but a matter of the people’s interests. That is how it should be viewed, because, first and foremost, that is what this Parliament is here to do: it is here to represent the interests of the people. My definition of the people includes those who live and work here, but who might bear a passport from and hold citizenship of another state. Are they not human beings with the same hopes and fears as the rest of us? Do they not lose sleep with worry like we would in their shoes? Do we not

consider them to be equal to us? Therefore, in my opinion, the Conservative Government should stop using them as bargaining chips in a tawdry negotiation with Brussels, and should agree now that all the EU nationals who live here should be able to stay here. This is not just a simple test of our commitment to economic efficiency and the creation of a resilient labour market; it is a test of our common values and our universal humanity.

The committee also heard evidence that a change in the currency exchange rate as a result of last year’s referendum decision will hit different households in very different ways. We heard that there will be an unequal burden, with the poorest households being hit the hardest as the price of energy, food and clothing rises. Fuel poverty, food poverty and widespread and institutionalised poverty will grow and inequality will widen unless action is taken. However, I reflect that poverty is less a simple lack of wealth than it is a fundamental lack of power. Therefore, as a start, the committee’s report calls on the Scottish Government to carry out a full impact assessment to analyse how households are affected by import inflation according to wealth, income, class, gender, age and location, and I hope that, in his closing speech, the cabinet secretary will agree to do that.

There are some other vitally important recommendations in the report. For example, we believe that the Scottish Government, beginning with the intelligence that already exists in the enterprise agencies and in Scottish local government, should map out existing production and service supply chains and work with businesses to maximise opportunities for import substitution. That is precisely the kind of proactive approach right across the economy that the Scottish Labour Party has been calling for.

We cannot simply leave that to the market. We need strategic Government intervention, economic planning, including skills and workforce planning, and action. I hope that, as a matter of course, the trade unions, representing the workers across the economy in primary industries, production industries, manufacturing, construction and commercial services, are involved in the mapping exercise from the very start. I also hope that such intensive trade union engagement also goes alongside the business engagement that the committee has called for in a further recommendation in the report.

It is important to recognise that the day after the referendum result was announced, Scottish Enterprise started contacting account managed companies to get their views. The Scottish Government needs to spread its net far and wide to engage with business of all sizes, in all sectors

and in all parts of the country. That demands that that work be properly resourced too.

When the cabinet secretary gave evidence to the committee in November, he said that the Government had not considered reviewing its economic strategy in light of the decision to leave the European Union. That is why I am conscious that the committee's call for him to review the Government's economic strategy now—it is a cross-party call, backed by senior members of the SNP—will be perhaps the most difficult recommendation for him to accept. However, he should accept it—for him to do so would raise, not lower, the esteem in which he is held in Parliament and would be viewed as a sign not of weakness but of strength.

The cabinet secretary should accept the recommendation to review the economic strategy because the change to our status in relation to the European Union clearly represents a significant alteration to our terms of trade and so to the internationalisation element of the strategy. It represents a significant alteration to our access to research and development funding, and potentially to higher education staff and students as well, and so to the innovation strand of the strategy. It also represents a significant alteration to likely investment patterns, including inward and outward investment, signalling the need to reforge the link between investment support and our indigenous industrial base. Further, it may well represent a significant alteration to the inclusive growth part of the economic strategy. For example, it may open up the possibility of using public procurement as a much more deliberate lever to set higher standards of employment rights, including, but not limited to, the living wage.

The cabinet secretary told us that productivity, the labour market, import substitution and a reinvigoration of export strategy all rest on his review of the enterprise and skills agencies. I suggest to him that, even at this stage, he should review the Government's economic strategy before looking at the institutional framework that is needed to deliver it.

We are regularly told that the Scottish economy is resilient. However, as the report shows, 10 firms in Scotland account for 45 per cent of the value of all business research and development, 70 firms account for 50 per cent of the value of all our exports and more than a third of our economy is now overseas owned. It was in no small part to address those long-term features of the Scottish economy that the Scottish Parliament was created. I hope that the Parliament and the Scottish Government have the honesty to stand firm and tackle some of those longstanding problems. If the Government does that, it will, like

the report, receive widespread cross-party support.

16:33

Jackson Carlaw (Eastwood) (Con): I come to the Economy, Jobs and Fair Work Committee debate this afternoon as a refugee from the Culture, Tourism, Europe and External Relations Committee on which I sit. I come in a consensual mood, with an open mind. As our committee comes to the conclusion of its report, I thought that it would be useful to hear about the work of the Economy, Jobs and Fair Work Committee and what it has contributed to the debate on Brexit. As Gordon Lindhurst said, I came in the expectation that the heather would be set alight—it feels like he said that about three years ago, although it has been only three hours. Instead, it has been a very long and dispiriting afternoon's debate—something that you and I have sat through on many occasions, Deputy Presiding Officer.

The Deputy Presiding Officer: Please do not pray me in aid, Mr Carlaw.

Jackson Carlaw: I heard the same speech made about 10 times by Scottish National Party back benchers. Initially, some additional thing was thrown into the speech, but subsequently, not even that much effort was made.

We were told that the committee had been considering the issue in November, December and January. The committee has had quite an easy time of it, because the Culture, Tourism, Europe and External Relations Committee has had an additional two months of consideration—in September and October—to add to that.

I noted with interest that the Culture, Tourism, Europe and External Relations Committee had heard from quite a lot of the same witnesses. I repeatedly heard people from the Fraser of Allander institute and various universities cited. I recognised not only the names, but the evidence, which was similar to what we had heard.

I have read the report and listened to the debate. I agree with and understand the political division on the issue but, whatever else can be said, the inquiry undertaken by the Economy, Jobs and Fair Work Committee—and I congratulate the committee, the clerks and everyone involved—has been an opportunity, presented by Brexit, to review our international trading relationships, policies and objectives and the structures that underpin them. I noted constructive comments from the cabinet secretary, Keith Brown, who acknowledged areas on which the Scottish Government needs to work and to think afresh. Indeed, I am relieved to hear from UK ministers that Mr Brown is thought to have been making a

more constructive contribution to the national UK debate.

Of course, we heard from Mr Russell, who used the term “culpable and reckless conduct”. He knows all about that: he was sacked summarily by the First Minister from his job in education for culpable and reckless conduct when he had responsibility for that portfolio, but he is back again as a junior minister.

I sometimes wonder about these things. This is the second debate I have participated in when the Cabinet Secretary for Culture, Tourism and External Affairs has had nothing to say. She seems to have been reduced to doing nothing other than smiling benignly at Mr Russell. I understand that he thinks that it is the role of ministers and the Government to smile benignly at him in all these debates, but it calls into question what the cabinet secretary’s responsibilities are.

The reality is that Mr Russell has obtained a reputation for being a pussycat in the conference room at joint ministerial committee meetings in London and a locker-room hero when he swings on to the streets outside Downing Street afterwards. All he says is, “It could be this. It could be that. It could be the next thing. It could be something else”, coupled with—I think that this is what he said—“This Government will do all that it can do to defend Scotland’s economy.” Of course, that is why it has made us the highest taxed part of the United Kingdom—a real guarantee of economic growth.

The most ridiculous thing that Mr Russell did was in response to Jackie Baillie—it reminded me of the independence debates when the “Scotland’s Future” document, which was a wish list of assertions by the Scottish National Party, was held up as a bible of unarguable truth. Mr Russell held up the Scottish Government’s document to the UK Government and said that, because it says that the Scottish Government values its trade with the rest of the United Kingdom and would do nothing to put obstacles in its way, that assertion should be taken by everyone as meaning that there would be no difficulty whatsoever in the programme for government put forward by the Scottish Government.

Michael Russell: Will the member give way?

Jackson Carlaw: I will in a second, which will give Mr Russell the opportunity to answer this point. I have yet to hear any diplomat anywhere in Europe say that he believes that the differentiated trade arrangement that the Scottish Government favours is workable, viable or achievable without interrupting the relationship between the rest of the United Kingdom and Scotland, because it would require a hard border. Mr Russell may want to say this, that and the next thing, but we heard a

diplomat from one of our European neighbours make it absolutely clear that that would be necessary. Mr Russell needs 27 member states to agree that there would be no need for any interruption in the trading relationship between Scotland and the United Kingdom. It only takes one to disagree and his whole economic case falls like a house of cards.

Michael Russell: I will repeat the question that I asked some moments ago but which I did not get an answer to. Is Mr Carlaw saying that the Scottish Tories’ position is that we either trade with the UK or trade with the EU? The entire case—not just of the Tories, but of Labour—is built on that stance.

Jackson Carlaw *rose*—

The Deputy Presiding Officer: Please do not both stand at the same time.

Jackson Carlaw: My answer to Mr Russell is no. Trade with the rest of the United Kingdom is fundamental—it is four times greater than our trade with the rest of Europe. We want to do all that we can to maintain access to the single market and the European economy. We want to maintain access to the UK economy for the rest of Europe. Because a mutual interest has to be served between Europe and the rest of the United Kingdom, it will be perfectly possible—but not without difficulty—to negotiate an appropriate trade arrangement.

I want to respond to a point that both Gillian Martin and James Kelly made. It is important to state that, when it comes to the rights of EU citizens here in the United Kingdom, the Prime Minister said that she wanted to agree their position early. The Culture, Tourism, Europe and External Relations Committee heard evidence that the European Parliament was stunned into silence when it became apparent that Chancellor Merkel was not prepared to agree that position. The European Parliament had thought that the obstacle was the United Kingdom, but it then realised that it is not the United Kingdom but the rest of Europe that is not prepared to arrive at an early agreement on the issue. That is why, when article 50 is triggered, it will be the policy of the UK Government to come to the earliest possible arrangement that secures the future of EU citizens here in the UK and the future of Scots elsewhere in the EU.

Gillian Martin: Will the member give way?

Jackson Carlaw: I am in my last few seconds.

Gillian Martin: He mentioned me by name.

The Deputy Presiding Officer: He is in his last few seconds, Ms Martin.

Jackson Carlaw: I should say in passing that I worked for John Major for five years and have been a fan of his for 27 years, and in all those 27 years—until five minutes ago—I had never heard any nationalist say a good word about him. Expediency is always the claim of the Scottish National Party.

At this moment, refighting the referendum is, frankly, a waste of Scotland's time. We now need Scotland's interests to be represented in the negotiations that are taking place. However, it is clear that the Scottish Government has no interest in representing Scotland's interests, only an interest in arguing the case for another constitutional fight.

16:41

The Cabinet Secretary for Economy, Jobs and Fair Work (Keith Brown): I thank the committee for its report. Richard Leonard was the first member to mention that there is a substantial degree of consensus in the report. He also mentioned the fact that although we have rightly discussed trade, business and commerce, the interests of individuals—especially EU citizens who are living in the UK and in Scotland—are also important. The idea that we must wait to see what Germany does before we can give people the comfort of knowing that their future will be looked after is complete nonsense.

Talking of complete nonsense, in a very short time Jackson Carlaw managed to overstate the number of SNP members who have spoken in the debate, overstate the length of time that the debate has taken up and overstate his case—once again—that Scotland is the highest-taxed part of the UK. Let us not rely on Jackson Carlaw to get any of the facts right in the debate.

Despite that, there have been some good speeches. I know that it might be invidious to point out individual contributions, but I thought that Gillian Martin, Ash Denham, Pauline McNeill and Ivan McKee made some very good points. The convener of the Economy, Jobs and Fair Work Committee gave a good introduction to the debate, although I point out that Stephen Boyle works for the Royal Bank of Scotland and not the Bank of Scotland, which is probably quite important to him. The convener also mentioned Alexander Graham Bell, and I noticed today, as I was walking to Bute house, the place where Alexander Graham Bell was born 170 years ago this coming Friday, just round the corner from Bute house. The convener was right to mention him as a fantastic example of Scottish innovation, which we perhaps do not mention often enough.

The convener made a key point in citing a witness to the committee who asked whether we

should aim for the rest of the world or the EU before concluding that we should aim for both. Let us change the question a little bit. Instead of asking, "Shall we aim for the rest of the world or the EU?" let us ask, "Shall we aim for the rest of the UK or the EU?" Of course, we should aim for both. We have said that continuously. We must ask ourselves why the Conservatives want to misrepresent our case. Of course, we should maximise our trade with the rest of the UK, with the rest of the EU and with the rest of the world.

As ever, we heard one or two members—no least Dean Lockhart—talking down the Scottish economy. It is worth bearing in mind that the rate of productivity growth in Scotland is currently four times the UK rate; that our young people and women are more likely to be in work than their counterparts across the rest of the UK—indeed, our youth unemployment rate is the second lowest in the EU; and that, as Mike Russell pointed out at the start of the debate, the Scottish economy is inherently strong. We have substantial natural resources, one of the most educated workforces in Europe, a long-standing reputation for innovation—I have just mentioned Alexander Graham Bell—and an internationally recognised brand that others would love to have.

We are also world leaders in key industries of the future, including the life sciences, financial services, financial technology, the creative industries and sustainable tourism. Is not it appalling that the UK Government has decided that those financial services, as well as education and oil and gas, are low priorities in its Brexit discussions? That tells us the extent of the contempt that the UK Government has for those vital industries here in Scotland.

We have shown our resilience in the fact that GDP per head has recovered more strongly in Scotland than it has in the UK; it has reached 2.1 per cent above the pre-recession level in Scotland, but only 1.2 per cent above it in the UK.

Dean Lockhart: The cabinet secretary will be aware that GDP has grown by 0.7 per cent in Scotland in the past year, whereas in the rest of the UK it has grown by more than 2 per cent, with the UK being the fastest-growing economy in the G7. We are not talking down Scotland; we are talking down the SNP's policies, which have damaged Scotland. That is an important difference.

In evidence to the committee, Mr Brown quite rightly said that more needs to be done on exports and on internationalisation. Will he please explain how slashing the enterprise budget by 40 per cent will achieve that?

Keith Brown: Dean Lockhart—quite deliberately, I am sure—conflates "the enterprise

budget”, as he called it, with the budgets of Scottish Enterprise and Highlands and Islands Enterprise. He should go back and look at the budget papers. Why did he not propose an amendment to the budget if he wanted to change that? He did not do that, of course.

On GDP, I acknowledge the figures that Dean Lockhart mentioned, and I have acknowledged, at every point, where we must do more, but he should acknowledge that, since the recession, we have increased GDP by 2.1 per cent, whereas the UK has increased it by 1.2 per cent. Since we took office in 2007, the number of registered businesses has grown by 15 per cent to an all-time high, and spending on business research and development has increased by 41 per cent. Our energy and manufacturing industry is leading the way in the smart low-carbon technologies of the future, and our approach to promoting the circular economy recently won an award at the 2017 World Economic Forum annual meeting.

Quite rightly, the Economy, Jobs and Fair Work Committee has called for specific actions to be taken, and we will respond in depth to its report in due course, but I would like to mention some of the actions that we are taking. The £500 million Scottish growth scheme will target high-growth SMEs that are focused on innovation and export. That answers some points that were rightly made about SMEs’ ability to export. That policy marks a new departure for the Scottish Government. It is an exceptional response to exceptional economic circumstances.

We do not often, when the Tories talk about Scotland being the highest taxed part of the UK—which is, of course, a fallacy—hear mention of the fact that 100,000 business premises in Scotland now pay zero or reduced rates. The Tories know that what they say is wrong: they know that council tax is, on average, £400 lower in Scotland than it is in the rest of the UK, and they know that people in the rest of the UK have to pay tuition fees and prescription charges. The question that must be asked is why they want to keep telling the world that Scotland is the highest taxed part of the UK. It is an extremely important question, so it would be interesting to hear the Conservatives’ response.

In addition, we are boosting connections. As well as halving the overall level of air departure tax to support growth and improve Scotland’s connections with countries around the globe, we are delivering more than £400 million of investment to deliver superfast broadband to 95 per cent of properties by the end of 2017, and to 100 per cent of properties by 2021. We now have the highest number of foreign direct investment projects on record, and our rate of growth on FDI is more than double that of the UK. We never hear that from the Conservatives. When do the

Conservatives ever celebrate Scottish success? They always talk Scotland down.

What is really interesting is the change that has taken place in the Conservatives’ position over recent months. They started off as “remainers”—I think that is what they called themselves, rather than “remainians”—but then they changed and said that Brexit must be accepted. Ruth Davidson had said that it was absolutely imperative that our membership of the single market be maintained, but that changed very quickly. We were told to forget about membership of the single market, and that access to the market is what is important. Today, we have seen a further change, which was evident in the remarks of Liam Kerr and Rachael Hamilton, who said that we should forget about Europe and look beyond Europe to the rest of the world, because Europe is not the issue.

Rachael Hamilton: Will the cabinet secretary take an intervention?

Keith Brown: I will, in a second.

We have had all those different iterations of Tory policy in the past few weeks and months. That dizzying series of U-turns has ended up with the mimicking of Farage and Nuttall that we now hear. We have also heard—not least from Jackson Carlaw—about the words of a former Prime Minister, but it is his predecessor as Prime Minister that I am interested in. Given all the U-turns that we have had, I think that she would have said something like, “U-kip if you want to, but we’ll stand up for Scotland.”

Rachael Hamilton: I would like Keith Brown to retract his remark about what I said. I think he said that I said we should ignore or forget about Europe. I do not think that that was mentioned once in my speech.

Keith Brown: I think that Rachael Hamilton said that there is a world beyond the EU. Liam Kerr twice said that we should look past the EU, or words to that effect.

The speech that Jackie Baillie gave was interchangeable with any speech that we heard from the Conservatives. Her speech ended with the ultra-unionist rallying call, which was almost Churchillian:

“we will never support independence.”

That was the only point in her speech in which there was any passion. Just to remind Jackie Baillie about passion, I say that we heard from her leader last week that, despite the fact that the fighting is finished, the “fight starts now.” Everyone else had gone home for tea, but he said that the “fight starts now.” This week, we learned about the Labour Party whipping its members to vote against its own amendment and to vote with the Tories in the House of Lords. That is what the Labour Party

calls fighting and standing up for Scotland and the rest of the UK. It is an absolute shambles. Of course, the Labour Party has, like the Conservatives, had many U-turns in terms of its position on the Brexit debate. While those others are deserting the field and not standing up for people in Scotland, whether they are EU nationals or others, we will continue to stand up for the people of Scotland.

I will get back to Pauline McNeill on the point that she raised, as I will not have the chance to do so just now.

The Deputy Presiding Officer: You do not have time, cabinet secretary. You must conclude.

Keith Brown: I will.

Parliament should be in no doubt that the Scottish Government will do everything possible to prevent Brexit from threatening the prosperous and inclusive society that we are working so hard to build.

The Deputy Presiding Officer: I call John Mason to close the debate on behalf of the Economy, Jobs and Fair Work Committee. Mr Mason, you have until 5 o'clock.

16:50

John Mason (Glasgow Shettleston) (SNP): I think that we have had a useful and interesting debate, despite what Jackson Carlaw obviously feels. We discussed in the committee whether we needed another debate on Brexit, because we have had a number of such debates. However, we felt that the committee had received so much interesting and useful evidence that we wanted to give it a wider airing and ensure that it was in the public domain. That has been beneficial for the debate this afternoon.

I thank all those who took part in producing the committee report, which obviously includes the committee. I mention Liam Kerr, who was on the committee but got removed. [*Laughter.*] That was not meant to be funny. [*Laughter.*] I thank the many different witnesses, who included economists and people from businesses, the Scottish Trades Union Congress, the national health service and elsewhere. Between us, committee members visited 18 different companies around Scotland, which was extremely useful. I also thank the committee clerks and SPICe for their assistance.

In the time that I have, I will mention three areas of the report that I think the convener did not have time to touch on, although others have referred to them. I will then do an in-depth analysis of all 19 speeches. [*Laughter.*]

First, the statistics, which have come up a number of times in the debate, were a common thread in the committee's work on the report and in our wider work. Dr Matias Margulis said that a lack of reliable economic statistics make it

"difficult to know the extent of the Scottish economy."

Jane Gotts said that better statistics are necessary to

"allow us to understand more the potential risks and opportunities for the Scottish economy."—[*Official Report, Economy, Jobs and Fair Work Committee*, 1 November 2016; c 47.]

There is also the question of whether the Rotterdam effect distorts the statistics. I am reassured by the Cabinet Secretary for Economy, Jobs and Fair Work saying that the Government is looking at the statistics. The committee will also look at the statistics, particularly those on exports.

Secondly, on financial services, I think that it was Willie Rennie who said that he was somewhat surprised that we had discovered that one part of a sector would be affected by Brexit differently from another part of the sector. We perhaps thought initially that certain sectors of the economy would be hugely hit but others would be unaffected. However, the committee came to realise that even within one sector, some subsectors would be more affected and some would be less affected. That was certainly true of the financial sector. We had some very good evidence that explained that some banks and financial institutions very much concentrate on Scotland and the UK, whereas others are linked more with institutions that work more in Europe and might be more vulnerable.

Thirdly, on the labour market, on which we have had quite a lot of comment in the debate, we had very good evidence from, for example, fish factories, the fruit picking sector, the Scottish Leather Group, Scottish Engineering, Scottish Care and the university sector. Again, there was variation in the sectors, with some appearing to be much more affected by their reliance on EU skilled and unskilled workers and others less so. We had evidence on the issue of internal migration, which has also been raised in the debate—for example, the barriers for unemployed people from Glasgow going to pick fruit in Angus.

I move on to the speeches that we have had in the debate. To be fair, there has probably been at least one good point in every speech. I thank my convener, Gordon Lindhurst, for some of the points that he made at the beginning. In particular, he mentioned the proximity effect, which means that the UK and the EU will probably always be much more important markets than the likes of China and India, which, despite being very big and having potential for a lot of growth, are very far

away. He was also the first speaker—obviously—to mention import inflation and the effect that it will have on the vulnerable. That might not be the main thrust of our report, but it is important and the point had an impact on us, as someone else said.

Mike Russell mentioned early on some figures related to really serious effects, such as the potential loss of £8 billion to our economic output, 80,000 jobs and £2,000 per head. He also made the point that we can trade most effectively with the rest of the world if we are in the EU. There is no point in missing out on stating such things even though they may not be possible going forward.

Dean Lockhart made the interesting point that only 0.7 per cent of our exports go to China and 0.3 per cent to India. That shows the scale of the increases that we would need if those markets were to become really significant. The point was made, too, in an intervention that India might require freedom of movement if we want to have a good deal with it.

Jackie Baillie correctly stated that the UK negotiating position continues to be unclear. She also talked about strengthening our relationship with the UK. I am not sure how we could further strengthen it, but maybe somebody can clarify that.

Jackie Baillie: Perhaps it might help if the SNP stopped talking about dividing itself off from the rest of the UK.

John Mason: If I am not mistaken, all the references to independence this afternoon came from either the Conservatives or Labour. We have been doing the day job and concentrating on the committee's report. Other parties have been doing other things.

However, I agree with Jackie Baillie's point that EU-brokered agreements have helped our whisky exports so we could be in a weaker position without the EU to argue for us.

Gillian Martin, in a speech that was quite moving at times, spoke about the practicalities and about how dependent Walkers Shortbread, Denholm Seafoods, Angus Soft Fruits and especially Scottish Care, which cares for our vulnerable people, are on EU workers.

Liam Kerr gets my top mark out of 19 for optimism. He talked about "vast, untapped and overlooked" overseas markets. That is pretty grand. He also quoted Churchill, who said:

"We are with Europe but not of it".

I am not the youngest person in the chamber, but I do not identify with that statement or with the idea that we want "the open sea" rather than having friends to work with.

Gordon MacDonald talked about the Scottish surplus compared with the UK trade deficit, which is an important matter, and the difficulty in negotiating treaties when the UK is a relatively small economy compared with the EU, which is a relatively large one.

I thought that Pauline McNeill's speech was good. She mentioned the need for better statistics and also the fact that EU workers are important, arguing that they need legal certainty and that they are real people who face potentially losing their homes. Gillian Martin made that point as well.

Ash Denham said that access to the single market is not as good as membership and she mentioned the impact on the universities.

Willie Rennie talked about the gaps in our knowledge. I reiterate that, because the committee has come back again and again to the lack of statistics. He also asked for an apology from the Conservatives, which I do not think I heard.

I will skip through some of the rest of the speeches. Ivan McKee said that this pain is self-inflicted. Bill Bowman was correct to talk about inward investment, but I was a bit puzzled to hear that he wants more investment in infrastructure and skills, because I thought that his party wanted less taxation.

Mairi Evans talked about specific EU-funded projects. I confess that the committee did not look an awful lot at EU funding, and I begin to wonder whether we should have looked at that more. However, I think that other committees will look at it going forward.

I struggled to find much about the report in James Kelly's speech, because he talked mainly about independence. Gil Paterson talked about how we measure exports and the Rotterdam effect, and the fact that, if we sell something to England and the Netherlands, they might sell it on.

Rachael Hamilton talked about SNP members scoffing at UK trade—I did not hear any scoffing during the debate—and Richard Leonard and Jackson Carlaw made some useful points. Lastly, Keith Brown, rather than talking down the Scottish economy, pointed out that we have a highly educated workforce and an international brand that others can be jealous of.

Decision Time

17:00

The Presiding Officer (Ken Macintosh): We move straight to decision time. The question is, that motion S5M-04193, in the name of Gordon Lindhurst, on behalf of the Economy, Jobs and Fair Work Committee, on the committee's report on the economic impact of leaving the European Union, be agreed to.

Motion agreed to,

That the Parliament notes the conclusions and recommendations contained in the Economy, Jobs and Fair Work Committee's 2nd Report, 2017 (Session 5), *Report on the Economic Impact of Leaving the European Union* (SP Paper 80).

Endometriosis Awareness Week

The Deputy Presiding Officer (Linda Fabiani): The next item of business is a members' business debate on motion S5M-03354, in the name of Kenneth Gibson, on the "It's OK to talk. Period." campaign. The debate will be concluded without any question being put.

Motion debated,

That the Parliament notes that Endometriosis Awareness Week 2017 will run from 6 to 12 March and have the theme, It's OK to Talk. Period.; recognises that the aim of the week is to draw attention to the impact of the condition on the lives of the 10% of women of reproductive age who are living with it, including what it understands is a significant number in both Cunninghame North and across Scotland; believes that it can be exceptionally difficult to diagnose, with the average time for diagnosis after the first symptoms are experienced being 7.5 years; acknowledges that this year's theme was chosen to specifically encourage women and girls to seek medical help if they experience painful, heavy, difficult or irregular periods, as this can be a sign of the condition; appreciates that half of all women with it experience the first symptoms in their teenage years; is aware that it causes physical pain and can lead to infertility and depression; believes that, although endometriosis is the second most common gynaecological condition, there is not enough debate and awareness about it, and notes the view that urgent work is required to see what can be done to achieve both earlier diagnosis and better treatment options for the many women in Scotland and beyond with endometriosis.

17:02

Kenneth Gibson (Cunninghame North) (SNP): It is a privilege to open the debate and I am grateful to all who signed my motion, which allows us to raise awareness of endometriosis. I welcome the Glasgow endometriosis group to the public gallery, and in particular Anne Devlin, who has been in contact with me regularly in recent months regarding endometriosis and the need to improve specialist treatment and services. She inspired me to seek the debate, which I hope will reassure sufferers that the Parliament recognises the importance of endometriosis.

The first and only previous time that a parliamentary debate was dedicated to endometriosis was 16 years ago—on 28 June 2001—and the debate was secured by Annabel Goldie. It was not even held in this chamber, as that was three years before this building was completed. Of the five speakers in that debate, only Elaine Smith and I have not retired—given our youth, that will come as no surprise.

On Saturday 25 March, thousands of men and women will take part in the fourth worldwide endometriosis march in cities around the world, including Glasgow, to raise awareness of endometriosis. Next week—6 to 12 March—is endometriosis awareness week, and this year's

theme is “It’s OK to Talk. Period.”, although I disagree with the word “okay”, because it is necessary that we talk and it is vital that we act now.

Endometriosis has to be the condition with the lowest profile in relation to the number of women who are affected by it. I cannot help thinking that the situation would be very different if men suffered from it, too. Endometriosis is the second-most common gynaecological condition in Scotland. According to Endometriosis UK, about 10 per cent of women of reproductive age are affected, which means that hundreds of women in my constituency of Cunninghame North are affected. Further, studies have estimated that between 30 and 50 per cent of women who are dealing with infertility suffer from endometriosis.

The word “period” in this year’s slogan serves as more than a punctuation mark. It was included to make young girls and women aware that not all period pain is normal. When endometrial tissue that should line the womb grows elsewhere in the body, it still reacts to the menstrual cycle each month and breaks down. As that tissue has nowhere to go, it leads to inflammation and the formation of scar tissue. That is painful and debilitating and, as well as its physical effects, it has been known to lead to depression, anxiety and fear of intimacy. Women who live with endometriosis might find their careers impacted.

During what is already a confusing time for many teenage girls, not all of them are aware of the extent to which pain and discomfort are normal or could be a sign of endometriosis. That illustrates why so many women do not even know that they have it. According to Endometriosis UK, the average time for diagnosis after the first symptoms are experienced is seven and a half years. Urgent work is therefore required to achieve earlier diagnosis and better treatment options.

Every woman’s condition is different, and there is no one-treatment-fits-all approach. The suffering of one of my constituents was relieved only after a hysterectomy, but she knows of at least three others for whom that was not the solution. Every endometriosis sufferer requires specialist and tailored treatment for their endometriosis, and that can be provided effectively only by a team of specialists, preferably in accredited endometriosis units.

There are only two accredited endometriosis units in Scotland, compared with 47 in England. For a country with the geographical characteristics and population of Scotland, that is simply not enough. It is sad to say that, as the only specialist units are located in Aberdeen and Edinburgh, the majority of endometriosis patients in Scotland are not being readily provided with the required specialist care. It is much more difficult for women

who live in the west of Scotland to access specialised care than it is for women in the east of Scotland or in England. It is up to the Scottish Government to address that health inequality. Even if one of my constituents was referred by a gynaecologist to the Edinburgh unit, they might have to forego treatment because of logistical or financial issues. That goes against everything that the Government stands for.

I wrote to the Cabinet Secretary for Health and Sport about the issue last June and was pleased to be informed that an accredited endometriosis centre for the west of Scotland is in the pipeline. That followed a pledge in April 2014 by the then Cabinet Secretary for Health and Wellbeing, Alex Neil, that the Scottish Government would support a review of how endometriosis services are delivered.

Endometriosis UK and research staff at the University of Edinburgh put forward proposals that complex endometriosis would be best managed by multidisciplinary teams working in accredited specialist centres across Scotland. A short-life working group was then established to consider those proposals. It brought together a range of stakeholders to consider evidence on current service provision and how that could be improved. In 2015, the group’s recommendations included the need to establish a third specialist centre in the west of Scotland that was accredited by the British Society for Gynaecological Endoscopy.

The Cabinet Secretary for Health and Sport has informed me that NHS Greater Glasgow and Clyde is leading on developing a proposal to set up a specialist endometriosis centre for the west of Scotland. I understand that that work is still ongoing, which makes me fear that any progress is being made very slowly—it is almost glacial. However, I have also been informed that a constituent was advised by NHS Greater Glasgow and Clyde that implementation might start later this year. We remain hopeful that everything will come together in due course and I hope that the Minister for Public Health and Sport will enlighten us.

Although I am pleased that the Government did the right thing in being the first, nearly three years ago, to put endometriosis on its agenda, in 2017 my constituents and many others still do not have a centre that they can easily go to. I am unsure about what progress has been made since the previous debate 16 years ago on serving the needs of women who live with endometriosis, other than the actions that I have mentioned. I believe that I speak for sufferers across the west when I say that that has not been enough.

A month or a year might not seem to be a long time to those who are not affected by endometriosis, but perhaps a couple of quotes

from women who live with it will put that into perspective. One said:

“Great topic for Members’ Business. I suffer from it and it literally destroys at least 2 out of 4 weeks!”

Another said:

“This horrific condition has blighted my life”.

I believe that the Government will do the right thing and eliminate the health inequalities that exist for endometriosis sufferers not only in comparison with those in England but between different areas of Scotland.

I conclude by quoting what one of my constituents who is a sufferer wrote to me. She said:

“The women of Scotland need more accredited units with multi-specialist approach. As one specialist stated ‘one competent surgeon, saves countless women’. We all need to fight to END ENDO. Endometriosis needs to be history.”

It is over to you, minister. [*Applause.*]

The Deputy Presiding Officer: I ask our visitors in the gallery not to clap or cheer, please. At the end of the debate, you will have the chance to show any appreciation—or any other response—that you might have.

17:09

Alison Harris (Central Scotland) (Con): I thank Kenneth Gibson for bringing to members’ business a topic that affects one woman of childbearing age in 10 in the UK, which means that there are approximately 150,000 such women in Scotland alone.

Endometriosis has been described as a hidden disease, although it is as common as diabetes. Too few people talk openly about it, despite the devastating effect that it can have on the lives of so many women. I hope that, thanks to debates such as this one and the publicity surrounding the forthcoming awareness week, that will change. For too long, it has been a subject that has not been openly and frankly discussed. If not quite a taboo subject, endometriosis is certainly a disease that many people suffer behind closed doors.

In stark medical terms, endometriosis is not an infection but a disease, in which tissue similar to the lining of the uterus grows elsewhere in the body, such as in the lining of the pelvis, the ovaries, the bowel and the bladder. The tissue reacts to the menstrual cycle each month and also bleeds. However, there is no way for the blood to leave the body. The result can be devastating to sufferers: inflammation, severe pain, infertility, painful and heavy periods, and fatigue. Those factors can then contribute towards the onset of depression, feelings of isolation, problems with

relationships and difficulty in fulfilling work and social commitments.

When preparing for today’s debate I found the story of a woman who has struggled with the condition since she was 13. As for so many women, her diagnosis was far from immediate. A variety of potential causes were suggested. The pain and fatigue around the time of her periods meant that she had to take time off school, then university and ultimately work. After having found a loving and understanding partner, she faced the additional despair of finding that she was unable to conceive.

Another sufferer is a woman from Edinburgh whose words bring home the effects that the condition can have and her determination to reclaim her life. She said:

“Endometriosis has a huge impact on my daily life. The pain is constant and I have now been in daily pain for three years. This has led to not being able to make plans as I wouldn’t know how I will feel from one day to the next. This has affected my relationships with my partner, family and friends but I have been lucky that they have all been very supportive and understanding. My work has been affected and there is a real prospect that I may lose my job due to my illness. I have come to accept that I shall be in pain on a daily basis. I try to remain positive. This debilitating, invisible disease is no longer going to control my life.”

For many others, the constant pain and the unpredictability of their lives can bring on isolation and depression. Not all women have partners, families or friends who understand how their loved one can be so debilitated and fatigued. It is vital that those people are not forgotten. They suffer, and more needs to be done to make sure that they too learn that the subject can be discussed openly, and that support is available to them.

Endometriosis groups, under the auspices of Endometriosis UK, offer a lifeline to sufferers and their families. They offer help, support and advice on how to understand and manage the condition.

It is always good to talk. I am proud that today the chamber has gone a step forward by proving that “It’s OK to talk. Period.”

17:14

Stewart Stevenson (Banffshire and Buchan Coast) (SNP): I thank Kenneth Gibson for giving us the opportunity to discuss this topic. Endometriosis is heavily underdiscussed, especially considering the range of people it affects. I am a man in his 70s, and my generation of men did not much engage in or discuss anything to do with female reproduction. Indeed, it was only after my mother’s death that I discovered that a year before I was born she had an ectopic pregnancy that resulted in the loss of a fallopian tube. Thus, the risks that she took in giving birth to me, my brother and my sister were substantial.

That was just not the sort of thing that was discussed with men of my generation. Tonight's debate is therefore an opportunity to engage men, as well as to reflect the needs of women.

Just this morning, I spoke with a young woman who has been diagnosed with the disease. She was eager to hear tonight's discussion and grateful for Parliament's steps in raising awareness and, we hope, furthering research to find a cure.

The idea that there is no cure for a disease that affects one in 10 women in the world is almost unbelievable in the modern age—especially when we think about the great medical advances that have been made in other areas. Yet, despite the fact that all those women live with the disease, the low number of people who have even heard of it—including myself, until the debate came up—is almost unbelievable.

Endometriosis's impact is wider and more destructive than it looks at first glance. On the one hand, it comes with chronic pain and fatigue—and not just physical pain, as there are mental consequences, too. Fundamentally, I understand that the effect of endometriosis on one person can be quite significantly different from its effect on someone else. Some might experience a host of symptoms, while others are almost asymptomatic. Regardless of that, living with an incurable disease day in and day out is not something that any of us would wish to take lightly.

The strain of the condition does not affect just the individual who suffers from it. The friends and family of a woman who is diagnosed will also feel that strain, which the condition places on relationships and commitments in work and social lives when a woman is in too much pain to go out of the house or even to rise from bed. Frankly—and I say this with no pleasure whatsoever—those women are often keeping families going, keeping children at school and simultaneously undertaking careers.

There are a number of support groups for women with the disease, where they can meet others who are suffering. Such groups are a useful outlet, I am sure. However, what would happen if we—and by “we” I mean the medical field, Governments and society as a whole—became a more proactive support group? We need to offer more.

The disease has been swept under the carpet and out of public conversation for too long. Talking about disease, especially one that is gender based, can sometimes be quite difficult, particularly for us men. I hope that mothers, wives, daughters, sisters and friends will take some comfort from the fact that at least some of the men in the Parliament are engaging with the conversation. I know women who have been

diagnosed with endometriosis. I say to them that we are in their corner, cheering on the advancements that we hope will come

For many women, the fight is a silent one. However, during endometriosis awareness week in March, we all need to stand up and speak on the subject. In this area, as in so many others, we need strong women to lead us, direct us, put pressure on for new research, create new treatment options and, ultimately, find a cure.

We hope that this debate will raise awareness. Let us keep talking about the condition. I love talking, so that is easy for me; for others, it might be more difficult, but I encourage them to do so, even if that is not something that they would do naturally. Our goal should be to find the day when no woman has to fight against her own body.

17:18

Monica Lennon (Central Scotland) (Lab): I am grateful to Kenneth Gibson for bringing this debate to Parliament so that we can highlight endometriosis awareness week. I am pleased that the key theme of this year's awareness week is focused on encouraging women to talk about their periods, particularly those who experience painful, heavy, difficult or irregular periods, which can be a sign of the condition.

It seems clear that the shameful lack of awareness and understanding about endometriosis are most likely attributable to an enduring taboo around menstruation itself, and the reluctance we can have to talk about it openly. Encouraging women of all ages, backgrounds and ethnicities to talk more openly about our health, our bodies and our experience of menstruation is an important step in empowering them to make informed choices about their healthcare.

Menstruation is a natural, normal bodily function, which is experienced by the vast majority of women of reproductive age, every month of their lives, yet the cult of silence that so often seems to exist around periods means that those who suffer from endometriosis find it difficult to get diagnosed and face a poor public understanding of their condition and how it affects their everyday lives. Brushing off period pain as inconvenient “women's troubles” makes it all the more difficult for women with endometriosis to get the help that they need to deal with a painful condition that can seriously disrupt their lives.

I was shocked to discover that the condition affects more than 1.5 million women across the United Kingdom. As Alison Harris pointed out, that means that the number of women who are affected is comparable with the number of people who are affected by diabetes—and yet awareness of endometriosis remains woefully poor.

Endometriosis is much more than just having a painful period. It is a serious gynaecological health condition, which can seriously impact a woman's life. Like Alison Harris, I was struck by the experience of Lyndsey, a co-leader of an Edinburgh-based support group, who has written about her condition. Lyndsey's story about how her work and relationships have been affected, and the stories of other women like her, underline just how important it is that policy makers and members of this Parliament ensure that we work together to raise awareness about endometriosis, to ensure that women can be diagnosed earlier, and to invest in further research about how to improve treatment for those who are affected.

The debilitating nature of endometriosis and the irregular bleeding that many women who have it experience throughout their lives highlight another point about how we as a society talk about and cater for menstruation and women's rights to be healthy. In Scotland today, the affordability and accessibility of sanitary products remain a pressing problem for far too many women. That is an issue on which I have been campaigning, and it is something that I have raised with the Government numerous times in this chamber, including during my members' business debate on sanitary products, in September last year. *[Interruption.]* Like Stewart Stevenson, I normally like to talk, but my cough means that I am having difficulty doing that.

Women can be unable to access sanitary products for a number of reasons. It might be due to a restriction in or lack of income. It might be due to irregular periods, which catch women unawares. Access can also be a problem for young women, teenagers and girls who are in education and have little or no income of their own. I have been pushing the Government to keep looking at the issue and to consider what can be done in Scotland to alleviate that gendered inequality.

The issue to do with availability and cost of sanitary products is especially acute for the 10 per cent of women of reproductive age who suffer from endometriosis. Perhaps the minister will elaborate on the matter in her closing speech and set out plans on how the Government can alleviate that burden for women who have the condition.

17:23

Alexander Burnett (Aberdeenshire West) (Con): I confess that when I signed the motion it was more about acknowledging how endometriosis can affect someone than it was about my possessing any knowledge of the condition. However, as a signatory to the motion I was given the opportunity to speak in the debate and to inform myself about the condition and how

it affects women. I thank Kenneth Gibson for bringing a debate on the subject to the Parliament and giving members the opportunity to talk about it.

One of the starkest things that I found was the lack of information out there. In this debate we have heard the national statistics many times, but it is difficult to get information that is local to our constituencies. After contacting Endometriosis UK, we struggled to find data on how many women have been diagnosed with or are being treated for the condition in the north-east. However, I was pleased to find that the first British Society for Gynaecological Endoscopy endometriosis centre in Scotland was set up in Aberdeen.

Such centres are not necessarily the centre of a woman's experience when she has endometriosis. A woman in the north-east to whom I spoke repeated the problem to do with awareness and expressed her concern about the huge length of time that it takes to be diagnosed. I would like to take a minute to share her story. Her symptoms started when she was 15, but the possibility of her having endometriosis was not even considered until her mid-20s, when she was finally diagnosed. That is where women are facing the biggest problem: not enough people are aware of the condition.

She had to endure constant trips to doctors, multiple tests and reviews of treatments that she had undertaken, and all the time, her symptoms were getting worse. Women suffer from endometriosis for an average of seven and a half years before reaching diagnosis, and we forget the impact that that has on a sufferer's physical and mental health. Although endometriosis is not life threatening, it is certainly debilitating, with the worst cases causing infertility. Mentally, failure to diagnose can cause depression, anxiety and stress about whether symptoms can be eased. It can also have an impact on women's social lives, making them shut off from friends and loved ones as they suffer in silence.

A statistic that shocked me is that a staggering 1.5 to 2 million women in the UK are affected—the same as the number of those who are affected by diabetes. Diabetes is a condition that most people on the street could speak about for five minutes without doing any research, but endometriosis? I admit that I had to Google it. Many of us are uncomfortable talking about it, and that may be why I did not even know that endometriosis has touched the life of one of my staff.

Raising awareness is easier said than done but when it comes to our health, it should be a priority. In schools across the country, children are receiving guidance on universities, peer pressure and sex education, yet the second most common gynaecological condition is barely mentioned. We

should be pushing for increased awareness. We should be talking about the condition in places that can really make a difference. We should make this a conversation that is no longer uncomfortable. While our scientists and doctors across the country continue to research treatments to help women, we as a society can help, simply through our awareness and understanding.

17:26

The Minister for Public Health and Sport (Aileen Campbell): I am grateful to Kenny Gibson for bringing the topic to the chamber for debate, especially—as he outlined at the start—because it has been 16 years since it was last discussed in the chamber. The debate provides a timely opportunity to acknowledge the commitment and dedication of our national health service staff in diagnosing and treating endometriosis. I would also like to acknowledge the efforts of Endometriosis UK in its pursuit of continuing to raise awareness of what can be an extremely debilitating condition. I also welcome Anne Devlin to Parliament and pay tribute to her and her efforts to raise awareness of the condition.

As we have heard this evening, young women in particular need to be encouraged to seek help at an early stage, which can increase their ability to conceive later in life and may mean that they will not experience symptoms that can impact on their quality of life. As Endometriosis UK has pointed out,

“Endometriosis costs the UK economy £8.2bn a year in treatment, loss of work and health care costs.”

A wide range of other factors prove costly to the UK, which is certainly something that we need to work on to improve. The Scottish Government has a positive relationship with Endometriosis UK. Its campaign, “It’s OK to talk. Period.” has been running for several years now, and it was actively involved in the chief medical officer for Scotland’s group that looked at improving early diagnosis and treatment.

The Endometriosis UK survey that was published a year ago also helped to establish where people with endometriosis prefer to be treated; the survey found that most want care to be provided by specialist endometriosis centres. Such specialist centres bring together experts in gynaecology, surgery, urology, pain management, and psychology, alongside nursing support. Patients are discussed at multidisciplinary meetings to plan the best treatment. That person-centred approach helps to ensure early accurate diagnosis and better-informed care. Specialist centres can be accredited by the British Society for Gynaecological Endoscopy to ensure consistent delivery of high-quality care—high-

quality care that is absolutely necessary and urgent.

Alison Harris and Kenny Gibson articulated the real-life realities for women who live with the condition, which illustrate the need to ensure that the quality of care that they get is as good as it can possibly be. They require no less than specialist support and care.

In 2015, the CMO’s group recommended that NHS Scotland continue to develop accredited specialist centres. I am pleased that there are now two in Scotland, at Aberdeen royal infirmary—the first of its kind in Scotland—and at the Royal infirmary of Edinburgh. The centres provide multidisciplinary, state-of-the-art, high-quality and person centred treatment for management of all grades of endometriosis. They also have an important role in raising awareness. I point members to the Edinburgh centre’s website, which provides patients with detailed information on the members of the specialist team, the condition and its symptoms, what happens at the clinic, and the treatments and surgical options that are available. It also gives information for clinicians and details of how people can access the centre’s services.

The Edinburgh centre has an excellent working relationship with Endometriosis UK. Together, they have signposted links to a wide variety of organisations that offer additional support. We expect all centres to develop that information, which is so important to help women to cope with the condition. I expect centres to work together to ensure that reliable, accessible and relevant information is available. That is part of the approach that is absolutely necessary to ensure that the condition is talked about much more openly and is known about, and that women who face the condition are empowered to deal with it earlier.

Earlier diagnosis is clearly necessary. The heartbreaking testimonies that we have heard illustrate that we need to continue to build on the work that the chief medical officer and the specialist centres have carried out so far. We clearly need to do much more. The CMO’s group concluded that we really need three centres if we are to meet fully the needs of patients across the country. That is why the group recommended that the west of Scotland NHS boards should look to set up a specialist centre in their region. I have had assurances from NHS Greater Glasgow and Clyde, which is leading on the development of a centre, that a business case will be ready for the beginning of April. If the business case is approved, implementation of the west of Scotland centre will follow without further delay. That is work in progress, and I will be happy to update members in due course.

I hope that that reassures Kenny Gibson and his constituents that there is some light at the end of the tunnel, and that his constituents will, I hope in the near future, be able to access the specialist care that is not currently available in the west of Scotland.

The final recommendation from the CMO's group was that NHS Scotland should consider setting up a national managed clinical network to ensure standardised and co-ordinated care for patients across Scotland. The national specialist services committee, which makes recommendations on commissioning of national networks, recommended that, in the first instance, we should look to establish the third specialist centre in Glasgow. Perhaps members will agree that we should focus on getting that up and running and then consider where other improvements can be made. The committee's thinking is that the three centres should, by working collaboratively, be able to fulfil the aims of a national network and ensure consistent and co-ordinated care for all endometriosis patients.

I will maintain a keen interest in how the proposal for a specialist centre in the west progresses, and I remain open to revisiting the need for a national network, depending on whether the three centres can work together to deliver those aims. I wish to make it clear that although the proposal for a west of Scotland centre is to be celebrated, while it is being taken forward, women can be referred to the centres in Aberdeen or Edinburgh. If members have any evidence or constituent cases that suggest the contrary, I will be happy to take them on board.

The Scottish Government remains absolutely committed to ensuring that Scotland's NHS continues to be world class. I very much expect that having three accredited endometriosis centres in Scotland will go some way towards achieving that aim. They will help to raise awareness among the public and, importantly, among healthcare professionals. They will ensure that women living with endometriosis have access to speedy diagnostics and the best treatment that is available. In short, the centres will deliver better care, better outcomes and, ultimately, the better quality of life that we all wish for.

Nevertheless, it is clear that we must continue to ensure that endometriosis is talked about fully in the Parliament, and that we build on the work that has been carried out by the CMO and the specialist centres. We need to ensure that the proposed centre in the west delivers on the aspirations and gives the outcomes that we expect, so that we no longer hear about people feeling that their lives are blighted. We must ensure that people feel supported in managing the condition, that they can talk openly about it, and

that it is not another 16 years before we in Parliament raise awareness of the condition, which impacts on the lives of many women in our country.

Meeting closed at 17:34.

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