

THE SCOTTISH EXECUTIVE'S

European Strategy



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THE SCOTTISH EXECUTIVE'S EUROPEAN STRATEGY



Foreword by the Minister for Finance and Public Services

Europe is of massive importance to Scotland.

The European Union (EU) passes laws and takes decisions in many areas of policy that are devolved to the Scottish Executive and Parliament to implement. These include devolved responsibilities for Agriculture, Fisheries, the Environment, Regional Policy, Health, Justice and Transport. In addition, EU decisions and policies in many areas which are, in the UK terms, wholly or partly reserved to Westminster can also have a major impact on the people of Scotland. Over three-quarters of the work of the Scottish Executive and the Scottish Parliament is, to a greater or lesser extent, influenced by decisions taken in Brussels. So we must continue to ensure that EU decision-making reflects Scotland's interests.

But we are determined also to play a proactive role in Europe. Over the first Parliament the Scottish Executive substantially raised its profile in the EU. Scotland is now firmly established as a leading legislative region in Europe. In the second Parliament we will build on that success.

Following the May 2003 election, the First Minister established a Ministerial Group on European Strategy with the remit to map out a clear framework for the Executive's work on EU issues over the next 4 years. This Strategy, approved by Scottish Ministers, sets out that framework. It states our strategic goals for the Executive's engagement in Europe, outlines our key priorities, and identifies how we plan to set about achieving our goals. The strategy is ambitious and demanding. It applies to the whole Executive, as well as its Agencies and Non-Departmental Public Bodies.

We are determined to seize the many opportunities for improving the lives of the people of Scotland that active engagement in Europe brings. We will promote Scotland, with its new Parliament, as one of the leading regions in the EU, with a thriving and dynamic economy. We will also continue to protect Scottish interests. We will work with our strategic partners in Scotland to achieve the best results for Scotland.

A handwritten signature in cursive script that reads "Andy Kerr".

Andy Kerr, MSP
Minister for Finance and Public Services

THE SCOTTISH EXECUTIVE'S EUROPEAN STRATEGY

Introduction

1. This Strategy sets out a framework for the work of the Scottish Executive, and its NDPBs and Agencies, on European Union (EU) issues during the second Scottish Parliament. Specifically, this strategy:-

- sets out the strategic goals for the Executive's engagement on EU issues;
- outlines the EU policy priorities on which Scottish Ministers plan to engage; and
- identifies the key levers that the Executive plans to use to achieve its goals.

Background

2. In June 2003 the First Minister established a Ministerial Group on European Strategy with a remit to build on the Executive's achievements in the first Parliament and to set out a strategic framework for handling European issues over the next 4 years. The report of the Group was approved by the Scottish Cabinet and forms the basis of this Strategy.

Strategic Goals for our European Policy

3. This Strategy sets out a proposed framework to guide the work of the Scottish Executive, and its NDPBs and Agencies, on EU issues. It starts from the premise that activity must be focused on growing the Scottish economy as a primary objective. The Executive's European Strategy must bring – and be seen to bring – tangible economic benefits to Scotland.

4. Over the next four years the Executive's over-arching goals for its European activity are:-

- (i) **to position Scotland as one of the leading legislative regions in the European Union, with a thriving and dynamic economy; and**
- (ii) **to bring effective influence to bear on the UK Government, EU Member States, regions and institutions on EU policy issues affecting Scotland.**

5. The Executive's EU policy will therefore be focused on:-

- (a) **Promoting Scottish policy interests in Europe.** As well as working through the UK, Scottish Ministers will continue to seize opportunities to promote, represent and advocate Scotland's interests directly in Europe. This will be accomplished by working:

- Bilaterally, by promoting Scotland’s interests directly with the EU institutions (in particular Scotland’s MEPs, and the European Commission), Member States and Regions; and
- Multilaterally, by winning an enhanced role for the legislative regions within the EU, with Scotland at the inner core of an influential group of Regions with Legislative Powers (REGLEG).

(b) **Maximising our influence with the UK Government on EU issues.** We will work effectively with the UK Government to exert influence in the Council of Ministers. Our aims are to:

- Secure a culture of automatic recognition and understanding of Scottish interests on EU issues across the board within the UK Government; and
- Add value to the UK effort to shape Europe’s future by reinforcing and forging new links across Europe.

(c) **Enhancing the profile of Scotland in Europe.** Promoting Scotland enhances our profile - as a major regional player with real and growing influence on the EU agenda; contributing to the democratic process in Europe, not just reacting to EU law; a tourist and business destination of choice, and an attractive place in which to live and work. We will also advocate Scotland as a dynamic country in which to invest. Our aims here are to:

- Build strong regional ties of economic, political and cultural benefit to Scotland, with EU enlargement offering a unique opportunity to position Scotland and underpin future relationships;
- Support and expand business connections with Europe; and

6. To achieve these objectives the Executive will:

- Focus its effort on prioritising and engaging on the key short and medium-term EU issues likely to have a significant impact on people’s lives in Scotland. We will work to seize opportunities and head off threats. To do this we will draw on the annual Commission and 6-monthly Presidency work programmes, and deploy analysis and intelligence from the Scottish Executive EU Office (SEEEO) and the UK Permanent Representation to the EU (UKRep) in Brussels;
- Clearly define our desired outcome(s). We recognise limitations in terms of our resources and negotiating flexibility. We will not try to fight too many battles or spread our effort too thinly. We will ensure that EU work is mainstreamed in the Executive’s priorities so that the impacts for Scotland are fully addressed;

- Identify the most appropriate and effective strategies for achieving outcomes and delivering positions that reflect Scotland's interests, including intervening early;
- Regularly review progress on specific priorities and as appropriate intervene with Whitehall or in Brussels to meet the Executive's EU objectives; and
- Work closely with the Scottish Parliament on EU issues. The Parliament is engaged in a wide range of EU-related external relations activity, including welcoming visitors from abroad; examining EU policy; and building links and contacts with the EU institutions, other European nations and regions, and European regional organisations. Scottish Ministers will seek to ensure, through joint working with the Parliament, that together we maximise the benefits of our effort for the people of Scotland.

The EU Policy Priorities on which we need to Engage

7. The Scottish Executive Partnership Agreement (*Partnership for a Better Scotland 2003*) underpins Ministers' strategic objectives for EU policy throughout the current Parliament. These are the main EU priorities on which the Executive will engage:

- (i) **Growing Scotland's Economy:** This is central to the Executive's goal of creating a dynamic, enterprising and sustainable land of opportunity for all. We will also work to secure the long term viability and prosperity of our rural communities. It is critically important that the focus and range of activities of Scottish Enterprise and Scottish Development International reflect Ministers' strategic European priorities, including securing economic benefits for Scotland from EU Enlargement. Equally, any Executive activity in promoting Scotland in the EU with a view to economic spin-offs should be consistent with the Global Connections Strategy which aims to achieve maximum economic benefit from Scotland's links with the rest of the world by fostering two-way flows of knowledge and investment, focusing on industry sectors where Scotland has international strengths. The key EU issues are:
 - (a) **Increasing Scottish trade and EU investment in Scotland.** The EU's Lisbon Agenda of economic and social reform - focusing on boosting growth in the EU, creating a more effective economic area, with more and better jobs, modernising the social welfare model and fostering a knowledge-based economy – will be a crucial determining factor in delivering increased trade and investment. We need to make this agenda real for Scotland. The long-term success of the UK Government's economic policies and the Executive's *Framework for Economic Development in Scotland* and *Smart Successful Scotland* strategies are also critical.

(b) **Increasing tourism from Europe.** With VisitScotland and using the Route Development Fund, we will build on recent successes: the Rosyth – Zeebrugge ferry and several new direct air links to Europe. Mainland Europe presents enormous opportunities for Scottish tourism, particularly in view of the growing trend for short breaks. In view of this trend, VisitScotland will continue to focus on markets with direct routes to Scotland, and these will be targeted with thematic campaigns which will aim to develop business especially outside the peak season. Campaigns will be enhanced by attractive carrier messages, presenting Scotland as accessible and affordable. VisitScotland will continue to work with partners through the Route Development Fund to assess the scope of opportunity for new routes. In doing so, VisitScotland considers the strength of the inbound/outbound potential and partnership opportunities. As new routes into Scotland are announced, VisitScotland will continue to be proactive in working up partnerships and promotions with carriers.

(c) **Structural Funds.** Much of the Structural Funds budget in the next period (2007–13) will inevitably go to the new, rather than the old, Member States. Formal proposals on the post-2006 period are expected from the European Commission in spring 2004, with negotiations continuing to 2006. Securing the most advantageous outcome for Scotland will be a high priority throughout this period.

(d) **Transport.** Although much of EU transport policy is, in UK terms, reserved, EU transport measures have the potential to have a significant impact on Scotland. We will work to ensure that Scotland's interests are safeguarded. The expected proposals for a charging framework for infrastructure use, further work to develop the Trans European Networks and the legislative framework for slot allocation at airports are also likely to affect Scotland.

(e) **Fisheries policy.** Work will continue on implementing reform of the Common Fisheries Policy. In particular, we will continue to play a lead role in moves to decentralise decision-making away from Brussels by means of Regional Advisory Councils, as a first step towards effective regional management of fisheries. A priority for the period ahead will be to secure recovery plans for depleted whitefish stocks which reflect Scottish objectives: to deliver sustainable fisheries for the long term while avoiding excessive economic disruption of the industry.

(f) **Agricultural reform.** The June 2003 reform of the Common Agricultural Policy represents a success story of our EU engagement achieved by working in partnership with Whitehall. The reform package agreed contains flexibilities below Member State level. This provides significant opportunities to achieve our objectives for Scottish agriculture as set out in *A Forward Strategy for Scottish Agriculture*. The main challenge for Scotland is to use these opportunities, following extensive consultation, to benefit Scottish agriculture and rural areas more generally.

- (ii) **Delivering excellent public services.** New EU legislation on the award of public contracts for goods, works and services will be a priority during this period. The new public procurement Directive makes significant changes to the current rules and we will seek to ensure that implementation in Scotland is consistent with Best Value and that Scottish public bodies receive appropriate support in adapting to these changes. We will also seek to ensure that proposed EU initiatives on Services of General Economic Interest support Scottish Ministers' policies on public services.

- (iii) **Supporting Stronger, Safer Communities.** The key EU drivers here are:
 - (a) **Justice and Home Affairs (JHA) policy.** A fast growing area of EU action is in the field of Justice and Home Affairs, promoting cross-border co-operation on matters directly affecting devolved policy areas such as co-operation against serious crime, civil judicial co-operation, drugs policy and police co-operation. The Minister for Justice will work to ensure that EU JHA legislation is compatible with the principles of Scots criminal and civil law and that Scotland does not become a haven for criminals. She will also work to increase the exchange of best practice with EU partners on areas such as tackling youth crime and cross-border access to justice.

 - (b) **The Environment.** EU environmental legislation needs to be implemented in Scotland by the Executive. New obligations will continue to be proposed by the Commission in the context of the Sixth Environmental Action Programme. We will work closely with the Commission, UK Government and MEPs to ensure that Scottish views and circumstances are taken fully into account.

- (iv) **Developing a Confident, Democratic Scotland.** An outward-looking, confident country must engage effectively with others to achieve its goals. The key EU issues here are:
 - (a) **Follow-up to the Intergovernmental Conference (IGC).** Ongoing work following the IGC will in part determine the extent to which legislative regions like Scotland will have influence in the new institutional structure of an enlarged Europe. We will make the most of this opportunity to ensure that Scotland's interests are fully taken into account and to re-energise democracy in the EU more widely. Our priorities will be to ensure the maximum use by Scotland of the new opportunities offered to us by the new EU Governance provisions, such as the new commitment to wide pre-legislative consultation and extended impact assessments of draft legislation; and to work towards early agreement on other proposals from the Future of Europe Convention for reinforcing the subsidiarity principle. These are all developments that the Executive was in the lead in pressing for. The challenge now is to use them for the benefit of the people of Scotland. Our Presidency of REGLEG offers an immediate opportunity to influence positively the development of such helpful innovations.

(b) **Expanding the role of Scotland in Europe.** We will build on the last 4 years and our rise in influence as a key EU regional player, particularly through our membership of the Committee of the Regions, our work with our MEPs and our leading role in REGLEG. We will develop our co-operation agreements with Catalonia, Tuscany, North Rhine-Westphalia and Bavaria and consider entering into further partnerships where they are likely to deliver benefits for Scotland.

Key Mechanisms for Delivering our Top Priorities

8. There are many levers available to help the Executive achieve its priority objectives. We will focus our effort on securing our priorities. We will maintain a consistent view of which activities are the most important, which we should prioritise, who should carry them out, and the resources which should be devoted to each. We will also put in place robust procedures for ex-post evaluation and analysis, to ascertain whether the correct choices have in fact been made.

9. The key mechanisms to achieve our priorities are grouped into 3 categories: working with Europe and Brussels; the UK; and Scotland.

10. **Working with Europe and Brussels.** We will work closely with the UK and represent our interests to the institutions and Member States of the EU. In taking this forward we will not overlook the opportunities afforded for influencing EU policies by inviting representatives of the EU institutions and other Member States to visit Scotland to discuss issues of mutual interest.

(a) **Working with Scottish MEPs.** The European Parliament already has in many areas powers of co-decision over EU legislation comparable to those of Member States in the Council. These co-decision powers are likely to be extended into new areas in the future. We will continue to work with Scotland's MEPs in pursuit of Scotland's interests. This will include a series of 6-monthly meetings to consider the priorities of Scottish Ministers.

(b) **EU and Bilateral meetings.** At EU and international meetings we will exploit opportunities to engage with other Member State delegations and use bilaterals to support our objectives.

(c) **Engagement with the Commission.** We will seize opportunities to influence the process from the very start by meeting directly with Commission officials and Commissioners. We will also respond to, and engage fully with, the new EU consultation and Impact Assessment processes.

(d) **Building political and economic links.** The Executive's European Links Strategy – building strong and mutually beneficial links with other regions and countries in the EU – is central to the delivery of economic, trade, political and cultural benefits to Scotland. The 4 existing formal Co-operation Agreements (with Catalonia, Tuscany, North Rhine-Westphalia

and Bavaria) have already helped to promote Scotland in Europe, build political alliances and develop networks to deliver practical projects of benefit to Scotland. We will ensure that there is greater co-ordination of the various formal and informal activities and a clearer fit with Executive policies, in particular with Partnership Agreement priorities in terms of economic development, public service delivery and cultural dynamism. We will ensure that the new links that we forge with the Nordic countries (building on the Nordic-Scottish Action Plan) and Accession States fit with our political, economic and cultural objectives.

(e) **Committee of the Regions (CoR), the Council of Local and Regional Authorities of Europe (CLRAE), and Conference of Peripheral and Maritime Regions (CPMR).** We will ensure that our membership of these bodies provides clear longer-term potential for building alliances with European regional and local authorities. We will seek to prepare those CoR Opinions that help us to secure our EU policy objectives, and use our membership of CPMR to promote our interests.

(f) **REGLEG (the European Group of Regions with Legislative Powers).** The First Minister's presidency (from November 2003 – November 2004) provides an important opportunity for Scotland to play a key role on the EU stage. It will allow us to build allies for Scotland's interests among the leading legislative regions of the EU. Our REGLEG activity is principally about advancing Scotland's position as a major legislative region in Europe. Our REGLEG role complements and reinforces the UK position. We will build on the Presidency to consolidate the position of the legislative regions in the follow-up to the IGC, through a proactive REGLEG programme.

(g) **Scottish Executive EU Office (SEEEO).** The Executive's Brussels office in Scotland House is a crucial asset. It will present Scottish views directly to the EU institutions and provide crucial and early intelligence to secure Scotland's interests. Specifically, it will seek to influence EU decision-making on dossiers of importance to Scotland, working in collaboration with Departments and UKRep, and advise on opportunities for being more proactive in Brussels by, for example, suggesting policy initiatives where Scotland has innovative ideas to offer. The SEEEO will report to Ministers on EU intelligence and the delivery of the Executive's European strategy in Brussels, and liaise with secondees from the Executive working in the EU institutions.

11. **Working with the UK**

(a) **Whitehall.** We will improve the understanding and appreciation of Scottish views in Whitehall. We will build on the recognition that Scottish Ministers can bring added value to negotiations. We will increase contact and liaison with UK counterparts – at Ministerial and official level - and maintain this throughout the duration of negotiations. We will also report back on meetings attended in Europe and with Whitehall counterparts to secure a co-ordinated approach to Whitehall on EU matters across the

Executive. We will use the new EU Impact Assessment and consultation processes to present our views on the detail of EU proposals to Whitehall Departments.

(b) **Joint Ministerial Committee (Europe) (JMC(E)).** JMC(E) is an important forum for formal discussion by UK and Devolved Administration Ministers of strategic EU issues. As from December 2003 it incorporates the Ministerial European Coordination Committee (MINECOR) which deals with presentational aspects of EU policy. We will use JMC(E) meetings to further strengthen links with Whitehall Ministers and to maximise influence on the UK line on EU issues of importance to us.

(c) **EU Council meetings.** The first priority is to influence the UK's negotiating position. Ministerial attendance at Councils will take place where there is a Scottish policy issue to pursue.

(d) **Devolved Administrations.** We will collaborate closely on EU issues with the Welsh Assembly and the Northern Ireland Assembly (when it is reconstituted) to increase our influence on negotiations in Brussels.

(e) **UK Presidency of the EU.** We will work closely with the UK Government to ensure the Scottish Executive and Scotland play a full role during the UK Presidency, from July – December 2005.

12. Working within Scotland

(a) In the Scottish Executive:

(i) **Mainstreaming EU policy.** We will ensure that EU business is mainstreamed in the work of Departments and policy Divisions in the Executive, and in the Executive's NDPBs and Agencies. We will also improve co-ordination to exchange information, best practice and to ensure a common approach on EU business.

(ii) **Tracking EU issues.** We will ensure that Departments track those EU initiatives that are coming up in the Commission, European Parliament and Council that could affect Scotland (directly or indirectly), and assign priorities. We will also monitor the transposition and implementation of EU obligations.

(iii) **Consular Corps.** We will increase our engagement with EU Consular Missions in Scotland to inform other Member States about Scotland in general and Executive positions in particular. Focused and well-timed interventions with the Corps have the potential to achieve influence on European initiatives affecting Scotland.

(b) In the Parliament:

(i) **Mainstreaming EU policy.** We will support and encourage mainstreaming in the Parliament to ensure that EU business is appropriately scrutinised by the members of subject Committees which have an European element to their work.

(ii) **Making a reality of subsidiarity.** We will work closely with the Parliament to develop procedures that would allow Scotland to derive maximum benefit from the subsidiarity arrangements contained in the Convention's proposed EU Constitutional Treaty.

(iii) **Debates.** We will be proactive and exploit opportunities to debate EU policies and developments likely to have a crucial bearing on Scotland.

(iv) **EMILE.** We will work closely and effectively with the European Elected Members' Information Liaison and Exchange group (EMILE), including with Scotland's MEPs, with a view to fostering a "team Scotland" approach to EU opportunities and threats.

Targets and Milestones

13. It is difficult to quantify or measure the direct benefits of our engagement with the EU – especially the intangible benefits in terms of increased influence on key EU policies affecting Scotland. To measure the benefits of our engagement with the EU over the course of this Parliament, we will identify key activities and develop a monitoring and evaluation framework.

14. For Strategic Goal 1 - positioning Scotland as one of the leading legislative regions in the EU, with a thriving and dynamic economy:

- We shall ensure that the Global Connections Strategy and our European priorities are properly aligned;
- Through our Fresh Talent initiative and the activities of VisitScotland, we will actively promote Scotland as a place in which to live and work and to visit;
- Through our European links and networks, including those of the UK Government, we will promote Scotland to EU businesses and administrations as a country to do business with; and
- Through our Co-operation Agreements and the further links that we forge with other countries and Accession States, we will seek to secure tangible political and economic benefits for Scotland.

15. Strategic Goal 2 is to bring effective influence to bear on the UK Government, EU Member States, regions and institutions on all EU policy issues affecting Scotland. For this goal:

- We will employ the mechanisms outlined in the Strategy, including where relevant the preparation of Impact Assessments, to:
 - (a) Work with the UK Government and REGLEG partners to ensure that the Convention's proposals for greater regional involvement in the EU are implemented through the Governance programme where possible, or taken forward in the follow-up to the IGC;
 - (b) Promote an effective regional policy in Europe, and communicate clearly the Scottish interest in the debate about Structural Funds reform;
 - (c) Make effective use of the enhanced flexibilities under the new Common Agricultural Policy regime coming into force in 2005 to make Scottish agriculture more competitive and sustainable;
 - (d) Establish Regional Advisory Committees successfully covering key Scottish fisheries in the North Sea and West of Scotland as a first step towards effective regional management within the framework of the Common Fisheries Policy. Negotiate a cod recovery plan which delivers conservation objectives, whilst respecting the need to retain economic viability in the Scottish whitefish fleet;
 - (e) Engage with the Commission to deliver lifeline ferry services which meet Scotland's unique needs; and
 - (f) Ensure that Scottish interests, including respect for the basic principles of Scots criminal and civil law, are properly reflected in the development of new EU legislative proposals in the field of JHA, and to promote the exchange best practice with EU partners in areas such as youth crime, cross border access to justice and action to tackle drugs.

Conclusion

16. It is difficult to exaggerate how important an influence the EU is on the lives of the people of Scotland. We need to ensure that we take full advantage of the many opportunities offered by the EU. We want to promote Scotland, with our new Parliament, as one of the leading regions in the European Union, with a thriving and dynamic economy. We also need to ensure that, when necessary, Scottish interests are vigorously protected.

17. This paper has set out the strategy for the Scottish Executive – and its Agencies and NDPBs – to achieve these goals. We shall achieve the best results for the people of Scotland if other Scottish organisations, whether public or private, join with us in a collaborative effort to secure Scotland's interests.

Scottish Executive
External Relations Division
January 2004

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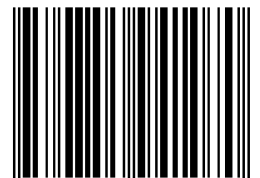
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