

Kezia Dugdale outlines best Brexit deal for Scotland

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Scottish Labour leader Kezia Dugdale has written to Prime Minister Theresa May to outline the best Brexit deal for Scotland ahead of Article 50 being triggered.

The best Brexit deal for Scotland, as outlined by Ms Dugdale, includes:

- *Access to the single market.*
- *Retaining the benefits of freedom of movement.*
- *Guaranteed rights for EU nationals currently resident in the UK.*
- *Access to EU research funds.*
- *Access to the Erasmus programme*

The full letter is as follows:

Dear Theresa,

On Wednesday you will trigger Article 50 by giving formal notification of the UK's intention to withdraw from the European Union. This will initiate a two-year negotiation process, which will both decide the terms on which the UK leaves the EU, and set out the broad parameters for our post-Brexit relationship with the remaining 27 member states. I did not vote for Brexit, and nor did Scotland as a whole. However, I am committed to making the best of it, and that means securing a deal that safeguards Scotland's economy and labour market, and retains, as far as possible, all that is best about our relationship with the EU.

I believe a deal can be negotiated – on differential terms if necessary – which ensures that the interests of people across the UK are well-represented. In the rest of this letter, I will set out the key areas that must form a part of your negotiating stance if Scotland's interests are to be taken into account, as you have promised they will be. It is vital that your government works closely with the devolved administrations in the months ahead, and all constitutional focus must be on securing the best Brexit deal for the UK. The First Minister of Wales, Carwyn Jones, has committed to working tirelessly in the pursuit of the best deal for the people of Wales. It is disappointing that the First Minister of Scotland, Nicola Sturgeon, is ready to disengage from the process. As leader of Scottish Labour, I will always stand up for the people of Scotland and I believe on that basis we should engage directly on these matters.

Access to the single market and freedom of movement

I am extremely concerned that your present negotiating stance – and in particular your prioritisation of immigration controls over access to the single market – risks an unnecessarily hard Brexit that would damage the economies of the UK and Scotland. Although it is widely predicted that Brexit will have a negative impact on Scotland's economy, the extent of the damage inflicted is very much dependent on the approach that your government takes to the negotiations.

Independent estimates suggest that the impact of Scotland losing access to the single market and reverting to WTO status would be that Scottish GDP would be five per cent lower (equivalent to £8 billion in 2015-16 prices) over the next ten years than would otherwise have been the case, real wages would be reduced by seven per cent (equivalent to around £2,000 per year), and overall employment would fall by three per cent (equivalent to around 80,000 jobs).

Such an outcome is unconscionable and must be avoided. If the interests of Scotland are to be taken into account, you will pursue a deal for Scotland which allows Scottish businesses to maintain unfettered access to the single market, and EU and Scottish workers to retain the benefits of freedom of movement.

The benefits to Scotland of unfettered access to the single market are widely accepted. It generates over £12 billion a year for Scotland's economy and is vital to Scotland's manufacturing and services sectors. Meanwhile, and as the Fraser of Allander Institute has recently noted, Scotland's working age population is already projected to decline over the next few decades. Any post-Brexit deal that limits the number of people coming to Scotland could have significant consequences for Scotland's economy and public services.

A deal that serves Scotland's best interests would, therefore, retain tariff and non-tariff barrier free access to the single market for Scottish exporters, and allow Scottish firms to continue to recruit workers from elsewhere in the EU, and Scottish workers to continue living and working elsewhere in the EU.

As I have made clear in recent months, Scottish Labour believes that a more federal UK will help to fix the failures of politics that led many people to vote for Brexit in the first place. Negotiating a distinct Brexit deal for Scotland – and indeed other UK regions – would be a signal of intent on your part, symbolic of your willingness to explore alternative constitutional structures that increase democratic accountability and place the UK on a surer footing.

Guaranteed rights for EU nationals currently resident in the UK

An issue that demands immediate attention is the status of non-UK EU nationals currently living in the UK, and Scotland. There are over 180,000 non-UK EU nationals living, working, and studying in Scotland. They make an immense and invaluable contribution to Scotland's economy, culture and society.

However, since the Brexit vote your government has ignored the calls of business, public sector employers, and universities, by refusing to guarantee the rights of European nationals living and working in the UK. Instead, you have chosen to use them as bargaining chips. I would urge you to put an end to this and make guaranteeing the future status of EU nationals living in the UK – and UK nationals living elsewhere in the EU – an absolute priority in the early stages of the Article 50 negotiations.

Scotland's higher education sector

Every effort must be made to ensure that Brexit does not damage the international standing of Scotland's universities, or detract from the quality of teaching they provide, the research they produce, and the opportunities they afford our young people. This requires action in three areas: research funding; freedom of movement; and the Erasmus programme.

1) Research funding

Scottish universities have benefited enormously from EU research funding, securing 11.4 per cent of the total allocation to the UK as of July 2016. Maintaining this level of funding is integral to ensuring Scottish universities can continue to uphold their international reputations as centres of academic excellence.

Regrettably, it is currently very unclear how, and to what extent, Brexit will affect the ability of Scottish universities to secure EU funding. We don't know whether Scottish universities will be able to continue accessing EU research programmes such as Horizon 2020, and ministers have repeatedly declined to give assurances that the government will maintain current levels of funding post-Brexit if access to EU programmes is impaired or lost altogether.

Ensuring that Scottish universities can continue to access EU research funds after Brexit should be a key plank of your negotiating platform. Concurrently, the UK government should provide assurances that, whatever the outcome of negotiations, current levels of research funding will be maintained post-Brexit.

2) Freedom of movement

Freedom of movement is of great importance to the higher education sector. In 2014-15, 11.1 per cent of staff in Scottish Higher Education institutions were EU nationals. Among academic staff, the figure was 14.8 per cent. High quality research depends in large part on international collaboration, which is facilitated by the free movement of people across the EU. Any perception that EU nationals are no longer welcome in the UK could impede the ability of Scotland's higher education institutions to attract the most gifted staff and students. This would have pronounced and unwelcome consequences: it could damage the international reputation of Scottish universities and lead to a reduction in standards of teaching and research. It is vital that any such perception is avoided, so that Scottish universities can continue to attract the brightest and best staff and students, both now and in the future.

3) Erasmus

Since 2008, over 10,000 young Scots have studied or worked in another European country, courtesy of the Erasmus programme. The benefits of Erasmus are well established: it broadens participants' educational, cultural and social horizons and equips them with the transferable skills they need to be successful in a globalised marketplace. Consequently, any limit imposed on Scottish participation in Erasmus is tantamount to a limit imposed on the aspirations of our young people. This we cannot afford, and will not accept. I would urge you to do everything in your power to ensure that Scottish students and young people can continue to access Erasmus following the UK's exit from the EU

Conclusion

As the Prime Minister, you are negotiating on behalf of people throughout the whole of the UK, something I trust will be at the forefront of your mind throughout the Brexit negotiations. As I stated at the start of this letter, I want to secure a positive and progressive outcome from the Brexit negotiations; one that limits the damage of leaving the EU, maximises the opportunities, and lays firm foundations for the future of this country, whose best interests we each seek to achieve. That means negotiating to secure the best possible deal for Scotland: one that allows us to retain what is best about our relationship with the EU while remaining an integral part of the UK.

Yours sincerely

Kezia Dugdale
Leader of the Scottish Labour Party