

Separate Scottish Brexit deal would 'fracture UK', says expert group

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A separate Scottish deal on EU or EEA membership would “result in the fracturing of the UK domestic market,” an expert group on Brexit has concluded in a major new report published today.

The paper – entitled ‘Scotland’s Trading Future’ – concludes that a “differentiated deal” as proposed by the Scottish Government is neither “deliverable” nor in Scotland’s “self-interest”.

Aside from the legal, political and technical obstacles to such a plan, the deal would “break our integrated domestic UK market, whose economic importance to Scotland is paramount”.

It concludes that:

- Unless the Scottish Government agreed to adopt the same immigration policy as the rest of the UK, it is “inevitable” that internal UK border controls would be introduced under their plan.
- Even in the absence of tariffs between Scotland and the rest of the UK, the flow of goods and services across the border which are four times more important to Scotland than EU exports would “inevitably be affected” by more restrictive controls.
- There would be a gradual “divergence” between Scotland and the rest of the UK as Scotland through EU or EEA membership was forced to adopt more EU regulations and laws, while the rest of the UK did not.

The report also examines the prospects for a UK-EU trade deal and for the UK’s global trading opportunities once the UK leaves the European Union in 2019.

It supports efforts to continue co-operation across Europe in law enforcement, intelligence gathering, high-quality university research and student exchange programmes.

It says a UK/EU free trade deal “need not be difficult” to agree as all tariffs, regulations, laws and standards would be identical on the day the UK leaves the EU.

The report goes on to say that “it is pivotal that all parts of the UK come together and present a united front, so that efforts are focused on getting the best possible deal”.

And on future opportunities for Scotland, it concludes that if trends over the last 10 years are continued, rest of the world exports from Scotland will be two-thirds more valuable to Scotland than EU exports by 2025.

It calls on both the UK and Scottish Governments to do more to support Scottish exports, and says the experience of successful exporters – such as Scotch Whisky – should be used as “best practice” for other sectors which are less successful.

In the report’s summary, the group declares:

“Our challenge has been to reach across the divide between those who voted to remain and those who voted to leave and to set out a way forward which, we believe, is in the best interest of Scotland and the whole United Kingdom.

“We believe it is in Scotland’s self-interest to do nothing to fracture our own Union. And we believe it is in Scotland’s self-interest to support the United Kingdom’s efforts to increase global trade.

“We cannot see the self-interest in a so-called ‘differentiated solution’ for Scotland. It would have the effect of damaging the economy and reducing growth in Scotland.”

Scottish Conservative MEP Ian Duncan, who chaired the expert group, said:

“Having spent time examining the plans of both the Scottish and UK governments, this report looks at how Brexit can best deliver for Scotland and – crucially – for the entire United Kingdom.

“While Brexit undoubtedly presents challenges as well as opportunities for our future trading relationships, it is clear that cooperation and presenting a united front will allow us to focus efforts on securing the best possible deal.

“I am grateful to my colleagues on this group for their expertise and input into the report, which is a serious and forward-looking appraisal of how we make Brexit a success for the people of Scotland.

“In presenting this report, our hope is that it will contribute constructively to the public debate, and ensure that securing jobs and growing the economy are the key priority over the coming months.”

Scottish Conservative leader Ruth Davidson said:

“I would like to place on record my thanks to this group for the important work they have done.

“The report makes it very clear: none of the challenges posed by Brexit are answered by weakening or breaking up our own Union of nations.

“This report makes a compelling argument that, as we embark on our departure from the EU, the protection of our own Union is vital to Scotland’s self-interest.”

To see the full report, visit:

<http://www.scottishconservatives.com/wordpress/wp-content/uploads/2017/02/Scotland%E2%80%99s-Trading-Future.pdf>

Below are biographies of those involved in the group:

Ian Duncan MEP

Ian Duncan was for seven years the Head of the Scottish Parliament’s European Office in Brussels, responsible for relations between the Holyrood Parliament and the EU institutions. He later served as European Advisor to the Parliament and Clerk to the European & External Relations Committee. He resigned his position in February 2013 to seek the election to the European Parliament.

Gavin Hewitt CMG

Long British Diplomatic Service career culminating with Ambassadorships in Croatia, Finland and Belgium (1970 to 2003). Extensive multilateral and bilateral EU and international trade policy experience, including at Brussels and Geneva. Chief Executive of the Scotch Whisky Association (2003 to 2013). Remains active in the Scotch Whisky industry.

Allan Hogarth

Allan Hogarth is director of AH Strategies Ltd . Prior to this, he was director of Public Affairs for a leading consultancy and spent 8 years with CBI Scotland, latterly as Head of Media and Public Affairs. He also worked as the director of the British Lung Foundation in Scotland, establishing it as a leading medical research charity.

Rhona Irving

Rhona Irving is a retired partner from PwC where she specialised in corporate and international taxes and had roles leading the firm’s Scottish tax practice and the learning and development programme for the UK tax practice. She currently chairs the board of the School for Social Entrepreneurs in Scotland. Rhona graduated from Edinburgh University with a First Class BSc (Hons) in Mathematics and then qualified as a Chartered Tax Practitioner before becoming a partner in PwC.

Sir Iain McMillan CBE

Sir Iain McMillan spent twenty-three years with the TSB Group prior to joining the Confederation of British Industry (CBI) in 1993. He held the position of Director, CBI Scotland for nineteen years until his retirement in 2014. Sir Iain holds a number of Board positions in the business and charitable sectors. He is currently Chairman of SkillForce and the

University of Strathclyde Business School Advisory Board, Honorary Patron of the Scottish North American Business Council (SNABC) and a Trustee of The Carnegie Trust for the Universities of Scotland. In 2009, Sir Iain was appointed Honorary Air Commodore of 602 (City of Glasgow) Squadron, Royal Auxiliary Air Force.

Over the years, Sir Iain has served on other Boards and public policy groups, including the Commission on Scottish Devolution (Calman Commission). He also chaired the Independent Commission for Competitive and Fair Taxation in Scotland. In 2003, Sir Iain was appointed CBE for services to the business community and lifelong learning in Scotland. In 2015, Sir Iain was knighted for services to the Scottish economy.

Alexander Stewart MBE MSP

Alexander Stewart was first elected as a Member of the Scottish Parliament for Mid Scotland and Fife in the May 2016 election. He is the Scottish Conservative and Unionist Party's Shadow Minister for International Development and External Affairs.

Prior to his election to Holyrood, Alexander worked as a management professional in the hospitality, housing and retail sectors and, for a time, ran his own fashion-retail business in Crieff. In 1999, Alexander became a local councillor on Perth & Kinross Council and was subsequently re-elected on three occasions. During his time on the council, he has served in a number of senior positions, including Leader of the Opposition and Convener of the Scrutiny and of the Housing and Health Committees. In the 2016 New Year Honours List, he was appointed a Member of the Order of the British Empire by Her Majesty The Queen.

Prof Adam Tomkins MSP

Adam has taught constitutional law at the University of Glasgow since 2003. He played a high-profile role in the Better Together campaign, with frequent media appearances and press articles, often based on his blog, Notes from North Britain.

After the referendum Adam was one of the Scottish Conservatives' two nominees on the Smith Commission, negotiating along with former party leader Annabel Goldie a deal that will see significant new powers coming to Holyrood. After the general election the Secretary of State for Scotland, David Mundell MP, appointed Adam as constitutional adviser to the Scotland Office, helping the ministerial team at the Scotland Office and their officials to steer the Scotland Bill onto the statute book, delivering the Smith Commission Agreement in full and on time. He was elected Conservative MSP for Glasgow in May 2016.