

## Economic Recovery and Resilience: Investing in our Future

### Discussion Paper - Shaping Scotland's Economy – Scotland's Inward Investment Plan

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#### Inward Investment Plan Summary

The Inward Investment Plan (IIP), launched on 27 October 2020, sets out our ambition for Scotland as a leading destination for inward investment aligned with our values as a nation. Those values centre around a fair, sustainable and inclusive low carbon future. The plan articulates the important role inward investment can play in Scotland's economic recovery by delivering high-value jobs to the economy.

The Inward Investment plan sets out the rationale and evidence for actions that position inward investment to play a key role in our economic recovery. Just 3% of business in Scotland are foreign owned but account for over a third of jobs, almost half of GVA, just under two thirds of business R&D spending and three quarters of exports.

The proposed strategic approach focuses on those sectors and opportunities where Scotland can demonstrate a real international comparative advantage mapped to strong global demand (investment flows); and where these sectors and opportunities have the potential to maximise the delivery of 'spillover' impacts that would benefit the wider Scottish economy.

This will allow us to deliver the existing pipeline of planned inward investment but also to begin development of a portfolio of potential projects and investment which strongly focus on longer term economic aims, including the creation of a low carbon economy, and which seeks to deliver 100,000 jobs over 10 years.

Further, by focusing on spillover benefits, we also have the potential to create in the region of an additional 20,000 jobs, increase Scottish GDP by £4.2bn, boost Scottish exports by £2.1bn, and add up to £680m in additional government revenues per annum over the next two decades.

The nine opportunity areas we have identified can be broadly grouped into three overarching priority areas:

- Net Zero: Energy Transition and the Decarbonisation of Transport
- Digital (data/tech): Software & IT, Digital Financial Services, Digital Business Services
- High-value manufacturing: Space, Healthtech, Transformation of Chemical Industries and Food & Drink innovation

These opportunity areas have also been analysed to understand their resilience to the economic disruption caused by Covid-19. Independent research by market commentators such as Wavteq, OCO Global and EY suggest that sectors such as healthtech, digital, energy transition, software and IT and financial services amongst the sectors identify as likely to see minimal decline or growth in inward investment.

## **Discussion Questions**

- What does inward investment look like in the current economic environment? How can we ensure that our efforts, as set out in the plan, do form part of our economic recovery in Scotland?
- What does the future look like for overseas organisations based in Scotland? Are investments likely to reduce in the short to medium term? What about the longer term?
- What are your views on a values-driven approach? Do you believe our intention to shift to a values-led, targeted approach, will help us foster longer term relationships with organisations?
- Looking at the nine areas our analysis identified and set out in the plan, how can we best collaborate with industry and other organisations to grow investment in these areas?
- What can government do to support businesses on the inward investment front thinking about skills, the business environment, infrastructure and quality of life? How can the public and private sector best collaborate?