

# Scotland's Vision for Trade Annual Report

June 2023



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# Ministerial Foreword



I am very pleased to introduce this second annual report on our progress towards implementing [Scotland's Vision for Trade](#) (the Vision). [Last year's report](#) set out the concrete actions we took to implement the Vision in its first year. It also outlined a range of actions we proposed to take over the second year of implementation, which support our economic, social and environmental ambitions. This report outlines the progress we have made on those commitments.

Earlier this year, the First Minister set out [three interlinked missions](#) of growing a fairer and greener economy, seizing the opportunities of net zero, and creating better communities. We have used the Vision to continue to make trade-related decisions based on our five principles of inclusive growth, wellbeing, sustainability, net zero and good governance. This has contributed to the aims set out in the [National Strategy of Economic Transformation](#) (NSET) as we transition to a wellbeing economy.

Taking a principles-based approach to trade has never been more important, in view of Russia's illegal invasion of Ukraine. Throughout the year we led calls for businesses to sever their links to Russia and made clear that the Scottish Government and its enterprise agencies will use all available powers not to support trade and investment activity with Russia.

Since the last report, we have used the levers available to the Scottish Government to make progress in improving the trading environment for Scottish goods and services. We have continued to build our evidence base to inform our policy development on the differential impacts of trade, and made human rights a central consideration in trade policy. We have also showcased Scotland's leadership on environmental regulation at a multilateral level.

As the Scottish Government seeks a [New Deal for Scottish Business](#) to better support businesses and communities, we have taken particular steps to build up our engagement with businesses as part of improving the trading environment for goods and services. For example, we established the new Scottish Services Trade Forum. More widely, we have continued to prioritise our stakeholder relationships and engaged with academics and other organisations throughout the year to bring their expertise into our trade policy development. In this report we have detailed, for example, stakeholder roundtables on regulation, differential impacts, climate and the World Trade Organisation (WTO).

Of course, we also recognise that there are levers currently reserved to the UK Government, and we have continued to reiterate the importance of an effective role for the Scottish Government in all stages of trade negotiations and policy development. We have continued to scrutinise the UK Government's proposals for each new Free Trade Agreement (FTA) and assessed them against our principles, so that they best serve the interests of Scotland's economy, people and the planet.

As we move into the third year of implementing Scotland's Vision for Trade, we will continue to work in collaboration with our stakeholders and businesses to make a genuine impact on trade policy in Scotland. I am grateful to all those who have worked with us since we launched the Vision, and look forward to your continued support as we apply our principles to trade-related decisions.

A handwritten signature in black ink that reads "Richard Lochhead". The signature is written in a cursive style and is centered within a light grey rectangular box.

**Richard Lochhead**

**Minister for Small Business, Innovation, Tourism and Trade**

# Introduction

In January 2021, the Scottish Government published Scotland's Vision for Trade, (the Vision): a strategic policy framework to guide the decisions we make on trade in a way that supports our wider ambitions for the Scottish economy, people and the planet.

In the Vision, we committed to publishing an annual trade policy review to report on implementation progress. This report sets out the work we have undertaken since the first Annual Report in March 2022. It covers our progress in using the levers which are currently available to the Scottish Government, and engaging with the UK Government to encourage them to use theirs. It also outlines how we plan to build on this progress.

While the continuing delivery of [A Trading Nation, Scotland's Export Growth Plan](#) promotes Scottish exports in target markets where we have competitive advantage and targets provision of support to Scottish businesses to increase exports, this report focusses on other levers available to influence the trading environment. In seeking to build the right trading conditions for export growth, in line with our principles, the Vision supports the aims of A Trading Nation. Together, A Trading Nation and the Vision provide a strong foundation upon which to achieve NSET and its aim to strengthen Scotland's position in new markets and industries. The [first annual progress report](#) on the delivery of NSET was published in June 2023, which summarises progress to date.

# Executive Summary

## Part 1: Assessment of policy development outputs, using Scottish Government levers

### Progress made in using Scottish Government levers

Using those levers which are available to the Scottish Government, we were able to build on work in the previous year to make tangible progress in areas that support the delivery of NSET, meeting net zero targets and aligning economic growth with the ambition to build a wellbeing economy by:

- Taking steps to improve trading conditions and increase market access for Scottish goods and services sectors, including by completing a market access barrier pilot and establishing a Scottish Services Trade Forum.
- Building our evidence base to inform policy development on the differential impacts of trade. This work seeks to understand the “winners” and “losers” that trade can create within countries.
- Making human rights a central consideration in trade policy, through establishing a Human Rights Assessment process to evaluate prospective FTA partners and producing concrete recommendations to the UK Government.
- Showcasing leadership on environmental regulation at a multilateral level, by representing the UK Government at the [World Trade Organization \(WTO\) Technical Barriers to Trade \(TBT\) Committee’s thematic session on regulatory cooperation](#).
- Actively drawing on stakeholder expertise, through a series of stakeholder roundtables and through a collaborative relationship with the recently established [Centre for Inclusive Trade Policy](#).

### Future plans for using these levers

This report also covers our future plans to meet our aims for Scotland’s economy, people and the planet, focussing on the following issues:



**Economy:** We will take action to improve the trading environment for Scottish businesses, while applying our principles to ensure that we find the right balance between competing priorities, including by:

- Implementing action plans to address top market access barriers.
- Further building our relationship with UK standards and certification bodies.
- Continuing to develop our policy on International Regulatory Cooperation.
- Using the Scottish Services Trade Forum to inform our approach to trade in services.
- Identifying opportunities to improve access to information on terms of trade for businesses.
- Building our evidence base on digital trade and monitoring developments on digital trade and data within the EU.
- Increasing targeted business engagement on trade policy.
- Using trade policy levers to support delivery of the [Life Sciences](#) and [Technology Sector](#) Export plans.



**People:** We will take action to advance more equal access to the gains and opportunities from international trade for people in Scotland, including by:

- Improving our evidence base on the differential impacts of trade in Scotland.
- Identifying and reviewing levers to mitigate or address these impacts.
- Engaging internationally to draw on good practice on differential impacts.
- Identifying practical actions the Scottish Government could take to increase the benefits of trade for women.
- Engaging with the Centre for Inclusive Trade Policy's research agenda.
- Supporting work to embed the Vision's principles into the evaluation of priority export markets.



**Planet:** We will take action to use trade to contribute to addressing global challenges, such as tackling the climate and nature crises, reducing global inequalities and building international cooperation, including by:

- Reviewing the policy on trade promotion and support for the overseas fossil fuel energy sector.
- Supporting the delivery of [Scotland's Renewables Export Framework](#) and including available trade policy levers in the Hydrogen Sector Export Plan.
- Developing a trade policy response to the UK Climate Change Risk Assessment.
- Refining our position on Trade and Sustainable Development in trade deals.
- Assessing the impact on trade of different countries' and regions' approaches to tackling climate change.
- Supporting development and delivery of Scottish Government Just Transition Plans.
- Continuing to strengthen the role of Scotland at the WTO and building capacity across the Scottish Government on WTO compliance.
- Reviewing and consolidating current Scottish Government policy on human rights and trade and investment.
- Supporting Scotland's enterprise agencies to carry out due diligence on trade support.

## Part 2: Steps taken by the Scottish Government to engage with the UK Government on trade issues of importance for businesses and people in Scotland

Over the past year we continued to engage with the UK Government as part of its negotiation of Free Trade Agreements (FTAs) with a number of countries around the world and its programme of Memoranda of Understanding (MoUs) with US states. We continued to raise Scotland's interests, priorities and concerns, and stressed the need for our full involvement at all stages to ensure that any new FTA reflects Scotland's economic and other interests, and provides opportunities for businesses in Scotland.

In our engagement with the UK Government on live and anticipated FTAs, we have applied our principles, pressing for:

- Improved assessments of the likely economic, social and environmental impacts of a new FTA.
- The assessment of short-term market access gains against longer-term economic, social and environmental goals.
- Greater ambition in commitments linking trade and climate change.
- The use of trade negotiations to promote and improve human rights.

We continued to build on positions set out in the Vision to input into the wide range of policy areas covered by FTAs, including: food, drink and agriculture; goods; regulation and technical barriers to trade; services and investment; digital trade; Intellectual Property and the NHS; Investor-State Dispute Settlement; and gender.

Since March 2022, we have contributed to the following negotiations:

- UK accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) (Agreement in Principle on accession announced March 2023)
- UK-Canada FTA (negotiations ongoing)
- UK-Mexico FTA (negotiations ongoing)
- UK-Greenland continuity-agreement (negotiations ongoing)
- UK-Gulf Cooperation Council (GCC) FTA (negotiations ongoing)
- UK-India FTA (negotiations ongoing)
- UK-Switzerland FTA (negotiations ongoing)
- UK-Israel FTA (negotiations ongoing)
- Series of UK-US State MoUs

We also developed a set of clear priorities and sought to influence the UK Government to develop an agreed approach to the WTO's 12<sup>th</sup> Ministerial Conference, which was held in June 2022.



## Part 3: Steps taken to build our evidence base on trade and monitor Scotland's Vision for Trade

To help further develop our priorities and understand the trade-offs across economic, social and environmental aims, we convened a series of roundtables with stakeholders over this period on:

- Improving the trading environment for Scottish businesses while addressing trade's differential impacts on sectors, regions and groups.
- Scotland's role in supporting the rules-based system, while encouraging reform in line with economic, social and environmental aims.
- Trade as a dual lever for economic development and climate goals.
- What trade based on high regulatory standards means for Scotland's businesses, workers and consumers.

### Developing data and evidence to inform trade policy

Improving access to, and developing, relevant data and evidence in support of our trade policy is key to the successful implementation of the Vision, laying the groundwork for decisions we make on trade and the levers we prioritise.

This year, we developed our evidence base in a number of key areas, including in strengthening the basis of our role as a devolved administration in engaging with the development of FTAs; and on our opportunities to maximise Scotland's role and influence on WTO policies and processes.

### Monitoring Scotland's Vision for Trade

This annual report, in documenting how we have put into practice the principles in the Vision and met the needs of people and businesses in our policy development and trade decisions, is a core part of documenting our continuing work on trade policy.

We will continue to track our progress using a combination of: documenting evidence of policy implementation, gathering stakeholder perspectives on our progress, compiling evidence from other data sources and establishing links with other monitoring frameworks.

# 1

# Assessment of policy development outputs, using Scottish Government levers

## 1.1 Key highlights from the second year of implementation

This section sets out key highlights from the second year of implementation in using the levers available to the Scottish Government. These are the areas in which we were able to make the most tangible progress towards improving the trading environment for business, supporting improved wellbeing outcomes, increasing progress towards net zero and operating as a good global citizen.

This section also takes a wider look at the other action we prioritised in the second year across a range of trade issues facing our economy, people and planet.

### 1.1.1 Taking steps to improve the trading environment, while prioritising public interests

Complementing the ongoing delivery of A Trading Nation, Scotland's export growth plan, the Vision identified ways in which we can improve the trading environment for businesses, while applying our core principles. This year, we made tangible progress on trade in services in particular.

The Vision highlighted the importance of sharing information and working with stakeholders in improving the trading environment for trade in services. This year, to put this into practice, we established the Scottish Services Trade Forum to advise the Scottish Government on trade in services. The membership and structure of the Forum was developed following a thorough review of existing groups and inputs from services stakeholders to avoid duplication. Along with regulators, trade bodies, enterprise agencies and academics, the forum brings together representatives of existing services sector Industry Leadership Groups.

The Forum provides an opportunity to obtain views on: opportunities and risks of UK trade deals under negotiation, barriers to trade for Scottish services exporters and ways to improve access to information on the terms of trade of existing trade deals.

Examples of ways the Forum has informed our services priorities include:

- Informing priorities in relation to mutual recognition of professional qualifications and business visitor mobility rules.
- Shaping future work on improving access to information for businesses on the terms of trade, particularly the added value that can be provided by the Scottish Government.

## 1.1.2 Supporting improved wellbeing outcomes from trade

The Vision recognised that there are winners and losers from trade shocks, trends and policy, and identified actions that the Scottish Government could take to improve our understanding of these differential impacts and develop options to address them.

This year, we advanced work to build our evidence base. To do this, we engaged with the Office of the US Trade Representative (USTR), New Zealand's Ministry of Foreign Affairs and Trade and Global Affairs Canada. This provided helpful learning about other governments' approaches, while identifying common challenges and solutions to inform steps we can take to better understand the impact of trade in Scotland, including:

- Canada's in-depth labour market impact assessments and how these inform the Canadian approach to FTA negotiation.
- New Zealand's Computable General Equilibrium (CGE) modelling capabilities and their use to provide a detailed sectoral breakdown of impacts of trade shocks, such as those from a new trade agreement.<sup>1</sup>
- The [USTR's work](#) to "better understand the challenges, opportunities, and needs (data and tools)... for analyzing the distributional effects of trade flows, policies, and agreements on underserved and marginalized communities". This included the [findings of the United States International Trade Commission's Investigation](#) into the Distributional Effects of Trade and Trade Policy on US Workers. This report has important key findings, for example on the impact on employment of imports from low wage economies. It also identifies data gaps and ways to address these, highlighting many similar issues to those we face in Scotland, such as the need for greater trade data granularity and access to employee-employer matched longitudinal data.

We undertook a data mapping exercise, to catalogue available sources of data relevant to the differential impacts of trade in Scotland and identify any gaps.

The international engagement we have undertaken, and the sources of data identified in our data mapping exercise have been informed by the inputs of participants at a stakeholder roundtable, held in June 2022, on improving the trading environment for Scottish businesses, while addressing trade's differential impacts on sectors, regions and groups (see also Section 3.1, below, on Stakeholder engagement). These inputs included: key data sources and insights on data access and availability, approaches of international comparators from which we could learn and possible approaches to addressing the differential impacts of trade.

1 CGE modelling is economic modelling which predicts how the economy will react to changes e.g. new trade deals.

### 1.1.3 Using trade as a lever to increase progress towards net zero and environmental targets

As the Vision makes clear, trade policy can and should support global climate ambitions. Our work this year continued to put this into practice.

In last year's Annual Report we confirmed that, in close collaboration with Scottish Development International (SDI), Scotland's trade and inward investment agency, we met our commitment in the Vision to [end all Scottish Government overseas trade support and promotion activities](#) solely focused on fossil fuel goods and services by COP26.

To implement this, we refocused our overseas trade support in this area towards products and services that align with the energy transition, aiming to accelerate growth in renewable energy exports. This policy is designed to support traditional oil and gas companies to diversify, securing long term sustainable opportunities, and supporting the energy transition. Scotland has a world class energy supply chain, and we now have the opportunity to use this to support that global energy transition.

Aligning trade support with climate priorities in this way is a key step towards trade operating as a lever to support global efforts to reach net-zero. This year we continued to implement this policy and undertook a review to ensure it is supporting progress towards our climate goals. Findings to date show that the policy has resulted in SDI transforming the way they do business to seize opportunities in the clean energy sectors. Since the policy's launch, the portfolio of companies supported by SDI has transitioned from fossil fuel energy to those embracing the opportunities of the energy transition.

By helping to refocus SDI support, the policy has opened up additional international markets that are embracing the energy transition. SDI has undertaken international engagement within these markets, building new contacts and networks with key in-market players and developing an understanding of energy-related policy, licensing opportunities and associated procurement timelines. This has given companies in Scotland a kickstart to participate in global supply chains related to the energy transition.

Since the launch of this policy, SDI's approach to strategic event planning has also transitioned from traditional global oil & gas events, such as the Offshore Technology Conference in Houston, to renewable specific shows, such as Wind Energy Hamburg. Event organisers have also shifted focus to the energy transition, which has been a key theme at global shows in the past 12 months. For example, SDI participated in Abu Dhabi International Petroleum Exhibition and Conference in Autumn 2022 with a Scottish pavilion showcasing companies who have embraced the energy transition and secured strong planned international sales.

This year we showcased Scotland's environmental regulation at a multilateral level. This involved representing the UK Government at the WTO TBT Committee thematic session on regulatory cooperation between members on plastic regulation. Scottish Government officials presented on Scotland's Single Use Plastics Regulations, which were notified to the WTO in 2021. We used this opportunity to signal that we are transparent and open to the scrutiny that comes with effective global governance, while ensuring that the rules on trade do not prevent Scotland from meeting ambitious environmental targets.

### **1.1.4 Operating as a good global citizen, supporting global governance structures on trade that work for all**

The Vision recognised that human rights must be a central consideration in our trade policy. This year we took steps to build connections between human rights and Scottish Government activity related to trade.

As part of this work, we developed a Human Rights Assessment process to evaluate the human rights record of the UK Government's prospective FTA partners and produce concrete recommendations on how the UK Government could use trade negotiations to promote and improve human rights. The process is supported within the Scottish Government by a cross-government Human Rights Reference Group.

Findings from our assessments have been used as the basis for Scottish Government input into FTAs under negotiation by the UK Government, highlighting specific issues, opportunities and recommendations (see also the section on Good Governance under 2.1.1 Applying our principles to FTAs, below).

## **1.2 Summary of our progress this year in using the range of available policy levers and our future plans**

In addition to these highlights, we have made wider progress on a range of other policy levers to address trade issues currently facing our economy, people, and the planet. This includes progress on:

- Market access barrier prioritisation
- Regulation and standards
- Engagement with the Centre for Inclusive Trade Policy
- Gender and trade
- Food, drink, food security and trade
- Trade and climate adaptation
- Trade in environmental goods and services
- Engaging internationally on climate and trade at COP27
- Strengthening WTO compliance and engagement
- Human rights and trade
- Discretionary measures against Russia

## Market access barrier prioritisation

The Vision considered how we could best influence the trading environment to maximise our competitive advantages in goods and services. One means of doing so is through addressing market access barriers that are not, or are only partially, addressed through trade agreements.

While doing so can be a challenging and lengthy process, evidence suggests that the economic benefits of removing market access barriers far exceed those conferred by FTAs, particularly for small and medium-sized enterprises (which make up much of Scotland's private sector).<sup>2</sup> Overcoming such barriers would improve trading conditions and increase access to international markets for Scottish goods and services sectors.

In the first year of implementation, we developed a methodology to identify and prioritise the most significant market access barriers affecting Scottish trade. This year we took a further step towards improving the trading environment for businesses in Scotland by piloting the use of this methodology with market barrier data from the UK Government's Digital Market Access Service (DMAS).

Our initial focus was on goods and related regulatory barriers, followed by digital and services trade barriers. The findings of this pilot allowed us to refine the market access barrier prioritisation methodology, which will allow us to focus resources on barriers that most affect Scottish businesses.

Findings from the exercise included:

- Gaps in quantitative data on trade in services mean that additional qualitative sources are needed to review service-related market access barriers.
- Available detail in DMAS on barriers varies, which can make prioritisation more challenging. For those with limited detail, further consultation with stakeholders, within the Scottish Government and with the UK Government is a necessary step to help determine which barriers are of most interest to Scotland.
- The principles set out in the Vision and wider Scottish Government policy were determinate in prioritising barriers, such as our Net Zero ambitions.
- The resolution of most barriers will take a long time and cannot be achieved by the Scottish Government alone, so time to resolve a barrier must be central to the prioritisation methodology.

The use of this methodology has allowed us to identify priority market access barriers across goods, services and digital trade for the Scottish Government to consider. Actions plans can now be developed, in collaboration with the UK Government and stakeholders, to address the priority barriers that have been identified. Key barriers identified include tariff (e.g. import and export duties) and non-tariff barriers (e.g. differing technical standards, local data requirements, and certification). Examples include issues caused by differences in food and drink customs procedures with EU trading partners, inconsistent tariff charges on technology exports to Asia and compliance with regulatory and technical standards for chemicals and agriculture in trade with non-EU countries.

<sup>2</sup> UK Government analysis shows that liberalising market access barriers could boost British exports as a whole by £75 billion per year – UK Government Department for International Trade (September 2020), Trade barriers removed to boost business: [Trade barriers removed to boost business - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/trade-barriers-removed-to-boost-business). This is far more significant than the expected benefits of any FTA. For example, UK Government analysis shows a UK-US FTA could increase trade between both countries by only £15.3 billion over a 15-year period UK Government Department for International Trade (March 2020) The UK's Approach to Trade Negotiations with the US: <https://www.gov.uk/government/publications/the-uks-approach-to-trade-negotiations-with-the-us>

We are using these initial barriers as case studies to understand the types of levers available to address them, both those available to the UK Government and those available directly to the Scottish Government, such as engaging with Professional Standards Bodies, Scottish Development International and Global Scots.

## Regulation and standards

The Vision recognised the role that international standards play in enabling trade and international competitiveness. This year we widened our engagement on standards and accreditation, including:

- We continued to work with the British Standards Institution (BSI), the national standards body for the UK, to increase opportunities for Scottish participation in the development of standards at domestic, European and international levels. This included supporting an increase in Scottish Government representation on key BSI committees, such as: the Sustainable Finance Strategic Advisory Group, Hydrogen Integration Committee, natural capital, biodiversity and Artificial Intelligence.
- We built up our engagement with the United Kingdom Accreditation Service (UKAS), as part of their role in enabling global trade and worked with them to raise awareness across Scottish Government on accreditation.
- Both BSI and UKAS supported Scottish Government regulatory policy development on trade through participation in a roundtable on “What trade based on high regulatory standards means for Scotland’s businesses, workers and consumers” (see Section 3.1, below, on Stakeholder engagement).

We continued work to increase regulatory transparency and accountability through the Business and Regulatory Impact Assessment (BRIA) process. This year this included further expanding the Scottish Government’s [Business and Regulatory Impact Assessment Template](#) and [Toolkit](#) with a substantive new section on Regulatory and EU Alignment Impacts.<sup>3</sup> This aims to ensure coherence in the consideration of intra-UK trade, international trade and EU alignment when developing regulation. This supports proportionate regulation, so reducing costs for business, but within the context of regulating in the public interest.

The inclusion of questions on international trade in the BRIA has increased awareness of WTO requirements across the Scottish Government. By ensuring that we develop regulation in a transparent way that takes international trade into consideration, it has supported us to meet international obligations at the WTO and as part of FTAs.

We also built International Regulatory Cooperation (IRC) into key Scottish Government strategies to help reduce barriers to trade in key sectors whilst maintaining high regulatory standards. This included:

- The [Life Sciences Sector Export Plan](#): which includes reference to IRC as an enabler of export growth.
- The [Hydrogen Action Plan](#): which includes a reference to IRC with like-minded trading partners as an action that can support hydrogen exports. This includes opportunities for Scottish expertise to inform the development of international hydrogen-related regulations and standards.

<sup>3</sup> The BRIA process helps assess the likely costs, benefits and risks of any proposed primary or secondary legislation, voluntary regulation, codes of practice, guidance, or policy changes that may have an impact on the public, private or third sector. The goal is to use evidence to identify the proposal that best achieves policy objectives while minimising costs and burdens.

## Engagement with the Centre for Inclusive Trade Policy

A significant development over this period has been the launch of the new Centre for Inclusive Trade Policy in May 2022. The Centre is funded by an £8 million grant from the Economic and Social Research Council and will run over a five-year period. The Centre aims to provide an evidence-based interdisciplinary approach to formulating an effective trade policy that delivers for all parts of society. Led by Professors L. Alan Winters and Michael Gasiorek at the University of Sussex Business School, it involves a range of other academic institutions, including Fraser of Allander at the University of Strathclyde.

Initial work has included a series of [citizen's juries](#) to understand public views on the unavoidable choices and trade-offs that trade policy requires.

The Scottish Government has actively engaged with the Centre as a non-academic partner, including through inputting our research priorities on trade. One of the Centre's projects will build a 'Jobs in Trade Dataset' to provide detailed information about UK jobs directly or indirectly linked to exporting. This is of particular interest to the Scottish Government as we work to improve our evidence base on the differential impacts of trade.

## Gender and trade

In the Vision, we recognised the barriers women face in accessing the full benefits of international trade. Domestic policy interventions in support of gender equality could present an opportunity for the Scottish Government to take direct action to mitigate the impacts of trade on women. Over the past year, we have worked to identify those areas of domestic policy that interact with the international trade agenda. To inform this work, we created a gender equality policy network within the Scottish Government, which strengthened our understanding of these intersections. For example, [an independent review into women in entrepreneurship in Scotland](#) was recently published. Given that businesses led by women are less likely to export than those led by men, there are parallels between that review and our priorities on gender and trade.

Trade will be a key component of the Scottish Government's development of a feminist approach to foreign policy, and we have therefore worked across government to ensure the Vision's values are embedded within it. The Vision set out underlying elements that could support the application of a feminist approach to trade, including a values-based approach and the positioning of trade within a broader economic, social and environmental context. Additionally the Vision connected international and domestic policy; for example, it highlighted the importance of trade complementing domestic policy that aims to address gender inequality in Scotland. It also recognised the differential impacts of trade within Scotland, including within social groups according to gender, ethnicity, disability, and age, amongst other factors. Our work gives specific consideration of the impact of trade on women in their roles in society including as entrepreneurs, as workers, as consumers and as unpaid carers.

Over the past year, we have engaged with a range of stakeholders to identify practical steps that the Scottish Government can take to put into practice those ambitions in the Vision that relate to a feminist approach to trade. This includes considering the differential impacts of trade on women, girls and marginalised groups, as well as expanding opportunities for women in trade in all their various roles.



## Food and drink, food security and trade

The Vision recognises the important contribution the food and drink industry brings to Scotland's economy. Over this period we regularly engaged with the Scottish Food & Drink industry, including individual engagements with sector specific groups such as the Scotch Whisky Association. Engagement with SDI has allowed us to utilise the agency's in-market specialist resource and ensured their priorities are reflected in our work. This has increased our understanding of the food and drink industry's views on FTAs, whilst also ensuring they are aware of potential opportunities and the agencies that can help them navigate these agreements.

The principles outlined in the Vision have also been considered in the drafting of the Scottish Government's first national Good Food Nation Plan, which will be published for public consultation in summer 2023. The Plan will reflect the fact that Scotland is part of a global food system: recognising that our domestic food production is also affected by the import of inputs from abroad and that the food that we produce in Scotland is not limited to the domestic market.

The Scottish Government recognises that the balance between domestic production and imports also plays a vital role in ensuring our food security. The UK currently imports around 46% of food with the majority of UK food imports, around 70%, sourced from the EU. Trade deals can play an important role, including through diversified supply chains, to enhance levels of food security resilience.

Following the recommendation of the [Short-life Food Security and Supply Taskforce](#) in June 2022, we established a Food Security Unit to monitor food security and supply chain disruption, including as a result of the conflict in Ukraine. The Unit's initial focus will be to develop evidence-based systems to monitor risks or threats to the supply chain. This will help mitigate future shocks and impacts on food security, including consideration of trade's role within Scotland's food system. It is important that the UK Government develops a coherent approach to trade that directly addresses the link between trade, protecting domestic food production and food security.<sup>4</sup>

## Trade and climate adaptation

In addition to using trade to contribute to net zero targets, action is needed to prepare for climate impacts on trade. Climate change, whether it occurs domestically or internationally, can cause supply chain disruption. Previous extreme weather events have affected supply chains by causing prices to rise, production and transportation delays and have even resulted in (the temporary) failure in the supply of certain goods and services. The high temperatures in summer 2022, for example, caused droughts on several major trade routes. Routes were closed or vessels had to sail with reduced cargos. This resulted in major supply chain disruption.

In early 2022, the third [UK Climate Change Risk Assessment](#) was adopted by Scottish Ministers, based on the evidence provided by the UK Climate Change Committee (CCC) on 61 specific risks and opportunities from climate change. The report concluded that current levels of policy intervention to prepare for current and projected effects of climate change are insufficient across almost all identified areas, including the risk to international trade routes – Risk ID7. The Scottish Government has a statutory requirement in the Climate Change (Scotland) Act 2009 to respond to these risks through 5-yearly adaptation programmes.

4 This is set out in a letter from the Cabinet Secretary for Rural Affairs, Land Reform and Islands to the Prime Minister in May 2023: [Scottish Ministers call for meaningful engagement from UK Government on issues of food security - gov.scot \(www.gov.scot\)](https://www.gov.scot/news/2023/05/23/scottish-ministers-call-for-meaningful-engagement-from-uk-government-on-issues-of-food-security/)

Jointly with Scottish Council for Development and Industry (SCDI) we held a roundtable with business and the CCC to consider this risk and potential responses, such as enhancing support and advice on business resilience provided by enterprise agencies to include climate risks.

This will inform the Scottish Government's response to Risk ID7 in the next Scottish Climate Change Adaptation Programme, a draft of which is due to be published for public consultation in early 2024.

### **Trade in environmental goods and services**

Taking steps to further trade in environmental goods and services is a key means for trade to support progress towards net-zero targets, by developing our competitive advantages in areas with positive environmental and economic impact.

As part of this we embedded trade policy considerations into Scottish Government policies with relevance to environmental goods and services, including:

- The [Hydrogen Action Plan](#), published in December 2022. This includes a focus on harnessing the export opportunities across hydrogen supply chains. It outlines the trade-related actions the Scottish Government will take, for example, developing a Hydrogen Sector Export Plan and building our evidence base on priority markets and barriers to trade.
- [A Framework to Grow Scotland's Renewables Exports](#), published in March 2023. This is an industry-focused framework which sets out actions to improve our understanding of export growth opportunities in renewables and to support exporters of renewables. It identifies the economic opportunities for Scotland and our exporting companies, such as onshore wind, offshore wind, marine and renewable heat. It also covers how we can share the technology, products, innovation, and expertise of cutting-edge Scottish companies to support others around the world in their transition to net zero.
- The draft [Energy Strategy and Just Transition Plan](#), published in January 2023, which identifies the ways in which trade can support sectors critical to Scotland's energy transition.

We continued to develop our evidence base on environmental goods and services. In particular we are developing a methodology to measure Scotland's net-zero and climate adaptation economy. This will allow us to assess where Scotland has export growth potential and investment opportunities across net zero and climate adaption supply chains. The final report is due to be published in Summer 2023. This will support the export commitments in the draft Energy Strategy and Just Transition Plan, the delivery of the Renewables Framework and the development of the Hydrogen Sector Export Plan. It will also support our engagement with the UK Government on FTAs and the WTO.

We have taken steps to obtain more detailed Scotland-level data on imports and exports of certain environmental goods from HMRC under a memorandum of understanding. This will inform the development and delivery of the Renewables Framework and Hydrogen Sector Export Plan. It will also support work with the UK Government on their priorities for FTA negotiations.

## Engaging internationally on climate and trade at COP27

Building on the legacy of COP26, where we demonstrated how trade can contribute to net zero, at COP27 the Scottish Government showcased Scotland's potential as a future exporter of green hydrogen. In partnership with the Government of South Australia, the Scottish Government launched a Green Hydrogen Taskforce, as part of the Under 2 Coalition's Net Zero Futures Policy Forum. As Taskforce Co-Chairs, Scotland and South Australia led a panel discussion on the opportunities and challenges of green hydrogen as a vector for the global energy transition, with contributions from the Governments of Quebec and North Rhine-Westphalia. Shared policy interests across international policymakers and industry leaders were identified which will be explored further through the Taskforce's work programme.

## Strengthening WTO compliance and engagement

We continued to demonstrate the Scottish Government's commitment to the rules-based system of trade at the WTO over this period, including through our compliance with WTO obligations and by taking opportunities to strengthen our involvement in WTO business.

We have continued to build capacity across the Scottish Government to engage with the work of the WTO, to ensure our policies are compliant with its rules, including through awareness sessions and teach-ins with academics, such as a session with Professor Andrew Lang from the University of Edinburgh.

We engaged with the UK Government as part of its involvement with the WTO Trade Policy Review process, including those of Brazil, Mexico, Japan, New Zealand, Switzerland/Lichtenstein, the EU, and the USA. By contributing to the UK's response we were able to use this process to raise questions of importance for businesses and people in Scotland. Questions submitted covered a range of topics, including specific market access barriers, climate and sustainability, investment, FTA implementation, services and gender.

We place a high value on learning from, and engaging with, like-minded countries to inform our policy development. The Trade Policy Review process has provided an opportunity to do this, by allowing us to identify where policy development aims, for example on Net Zero or labour rights, align with those of partner countries.

## Human Rights and trade

In addition to developing a Human Rights Assessment of prospective UK FTA partners, we sought to embed human rights in all aspects of trade policy, by contributing to high level Scottish Government reports on human rights, including:

- The Scottish Government's Standalone [Universal Periodic Review Position Paper](#), published in October 2022. This highlighted the links between trade and human rights, as set out in the Vision, and the importance of respecting, implementing and promoting human rights, as part of the principle of Good Governance.
- The Scottish Government's [standalone position on the UN International Covenant on Economic, Social and Cultural Rights](#), published in November 2022. This confirms the principles the Scottish Government follows in its approach to trade. It also confirms our commitment to the UN Guiding Principles on Business and Human rights as part of activity related to trade. This forms part of a wider commitment to implementing human rights obligations in any actions to improve the trading environment, such as through due diligence.
- The Scottish Government [Position Statement on the UN Convention on the Rights of the Child](#), published in November 2022.

In line with our commitment to the UN Guiding Principles on Business and Human Rights, we wrote to seven companies identified as having a relationship with a Scottish public body and which were included in the UN Office of the United Nations High Commissioner for Human Rights (OHCHR) Database of companies involved in 'listed activities' in the Occupied Palestinian Territories. We asked what they have done or were doing to cease those listed activities. This followed guidance issued in December 2021 to all public bodies asking them to consider the OHCHR Database in their due diligence processes.

## Discretionary measures against Russia

Taking a principle-based approach to trade has never been more important in view of Russia's continued illegal invasion of Ukraine. Trade and economic relationships with Russia have been a focus of the co-ordinated worldwide response. The Scottish Government therefore – and in addition to the UK's legally binding sanctions regime – led calls for businesses to sever their links to Russia and made clear that the Scottish Government and its enterprise agencies will use all available powers not to support trade and investment activity with Russia.

Our economic agencies undertake a range of checks on businesses to identify any ongoing investment, trading, or other links with Russia, and steps they have taken to withdraw from them, while recognising where it may not always be feasible to do so, for example due to contractual obligations or if staff safety might be jeopardised.

## 1.3 Future plans - Key priorities for Year 3



**Economy.** We will take action to improve the trading environment for Scottish businesses, while applying our principles to ensure that we find the right balance between competing priorities, including by:

- Implementing action plans to address the market access barriers most relevant to Scottish businesses, while respecting our principles. This will include working closely with the UK Government and stakeholders.
- Further exploring other market access barriers, in particular, for food and drink, e-commerce and the technology and digital sectors.
- Further building our relationship with UK standards and certification bodies to highlight Scottish interests in relation to the links between domestic regulation and international trade.
- Continuing to develop our policy on International Regulatory Cooperation, including exploring opportunities for further engagement with like-minded trading partners on good regulation and standards.
- Using the Scottish Services Trade Forum to inform the Scottish Government's approach to trade in services, including on barriers to trade and our approach to improving access to information on the terms of trade.
- Identifying opportunities to improve access to information on the terms of trade for businesses, particularly micro, small and medium enterprises.
- Monitoring developments on digital trade and data within the EU to inform Scottish Government positions on digital trade.
- Building our evidence base on digital trade, including reviewing available data on digital trade flows.
- Taking steps to integrate the New Deal for Business into our trade policy work, such as through increased targeted business engagement on trade policy.



**People.** We will take action to advance more equal access to the gains and opportunities from international trade for people in Scotland, including by:

- Taking steps to improve our evidence base on the differential impacts of trade in Scotland, such as through identifying options to address gaps in available data.
- Identifying and reviewing policy levers available to the Scottish Government to mitigate or address the differential impacts of trade, including to widen underrepresented groups' access to the opportunities from trade.
- Continuing to engage internationally to draw on international good practice on the differential impacts of trade.
- Identifying practical actions that the Scottish Government could take to increase the benefits of trade for women. This could include developing stronger links between trade and domestic policy on gender equality and aligning with a feminist approach to international work.
- Directly engaging with the Centre for Inclusive Trade Policy's research agenda to support outcomes aligned to Scottish Government policy development, including proposing research ideas and potentially hosting studentships.
- Supporting work to embed the Vision's principles into the evaluation of priority export markets.



**Planet.** We will take action to use trade to contribute to addressing global challenges, such as tackling the climate and nature crises, reducing global inequalities and building international cooperation, including by:

- Continuing to review the policy on trade promotion and support for the overseas fossil fuel energy sector. We will work closely with the UK Government on any efforts to update the guidance to support implementation of the policy.
- Supporting the delivery of Scotland's Renewables Exports Framework, including the development of a detailed action plan.
- Working across Scottish Government and Agencies to develop a policy response to trade-related aspects of the third UK Climate Change Risk Assessment, such as risk ID7 – the risk to international trade routes from climate change.
- Refining our position on Trade and Sustainable Development in FTAs, using the EU's approach as a benchmark.
- Assessing the impact on trade and investment from approaches adopted by different countries and regions to tackle climate change.
- Ensuring consideration of trade policy levers in relation to environmental goods and services in the Hydrogen Sector Export Plan.
- Supporting development and delivery of the Scottish Government's Just Transition Plans, due to be published this autumn, for Energy, Transport, Buildings and Construction, and Land use and Agriculture.
- Continuing to strengthen the role of Scotland at the WTO. This includes maximising the use of the WTO Trade Policy Review process and exploring the use of other potential levers, as set out in Section 3.2 below.
- Further building capacity across the Scottish Government on WTO compliance.
- Reviewing and consolidating all current Scottish Government policy on human rights and trade and investment and communicating this policy through a dedicated section on the Scottish Government website.
- Supporting Scotland's enterprise agencies to carry out due diligence checks on their trade support, including applying the Scottish Government's discretionary economic policy against trade and investment with Russia.
- Monitoring updates to the publication of any revised UN OHCHR Database of companies involved in 'listed activities' in the Occupied Palestinian Territories and communicating with public bodies on any implications for human rights due diligence.

# 2 Steps taken by the Scottish Government to engage with the UK Government on trade issues of importance for businesses and people in Scotland

## 2.1 Free Trade Agreements

### Scotland's role in the development of FTAs

Over the past year, we have continued to engage with the UK Government as part of the development of new FTAs with a range of countries around the world. We have continued to make the case for a guaranteed role for the Scottish Government and Scottish Parliament at all stages in all FTA negotiations to protect and promote Scottish economic and other interests and priorities. Scottish Ministers have continued to raise Scotland's interests, priorities and concerns with the UK Government, and stressed the need for full involvement to ensure that any new FTAs reflect our needs and values, while providing opportunities for businesses in Scotland.

There are clear benefits to the Scottish Government being able to engage meaningfully with the UK Government (and other devolved administrations) in the development and implementation of UK trade deals (see also the research by Lindsey Garner-Knapp in Section 3.2 Developing data and evidence to inform trade policy). The Scottish Government has, therefore, sought to engage constructively, and in detail, protecting and promoting Scotland's interests. Whilst we have sought to identify opportunities for sectors and businesses in Scotland from these deals, the expected UK GDP increase as a result of these FTAs remains small.<sup>5</sup> There are also risks of prioritising short-term market access gains against longer-term economic, social and environmental goals, which the Scottish Government has sought to mitigate.

In the last few months the UK Government has increased the amount and range of information it shares with devolved administrations. Whereas the information shared previously was limited to those areas which the UK Government considered to be devolved, the UK Government now shares information across almost all areas. The Scottish Government has been looking to use specific sectoral information to inform its input in this area and this, along with the increase in information, should allow more meaningful engagement across more aspects of UK trade negotiations. While this development is welcome, sharing information is not the same as sharing decision making and we will continue to press for a greater role for Scottish Ministers in decisions about trade deals.

<sup>5</sup> This is set out in the UK Government analysis of FTAs including scoping assessments, produced in advance of FTA negotiations, and impact assessments, published following the signing of an agreement. Analysis of the UK-New Zealand FTA, for example, estimates a GDP increase of only 0.03% as a result of the deal when applied to projections of UK GDP in 2035 levels, while the UK-Australia deal is expected to add 0.08% to UK GDP over the same period. [Impact assessment of the Free Trade Agreement between the United Kingdom of Great Britain and Northern Ireland and New Zealand \(publishing.service.gov.uk\)](https://publishing.service.gov.uk) and [Impact assessment of the Free Trade Agreement between the United Kingdom of Great Britain and Northern Ireland and Australia \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

In the period since March 2022, we engaged in the following:

- UK accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) (Agreement in Principle on accession announced March 2023 )
- UK-Canada FTA (negotiations ongoing)
- UK-Mexico FTA (negotiations ongoing)
- UK-Greenland continuity-agreement (negotiations ongoing)
- UK-Gulf Cooperation Council (GCC) FTA (negotiations ongoing)
- UK-India FTA (negotiations ongoing)
- UK-Switzerland FTA (negotiations ongoing)
- UK-Israel FTA (negotiations ongoing)
- Series of UK-US State Memoranda of Understanding

### **Implementing the EU-UK Trade and Cooperation Agreement**

The EU-UK Trade and Cooperation Agreement (TCA) has left Scotland in a far worse position, in terms of trade with the EU, than we enjoyed as a member of the EU. While the TCA does not impose tariffs, it has introduced many non-tariff barriers to trade that cost Scottish businesses time and money they can ill afford. These are the consequences of a hard Brexit that the people of Scotland did not vote for.

We continue to engage constructively with the UK Government to push for the TCA to be implemented in ways that protect and promote Scotland's interests. However, very little was achieved last year due to the UK Government's unilateral threat to override aspects of the Northern Ireland Protocol, which in turn brought negotiations with the EU to a standstill.

We are hopeful that the advent of the Windsor Framework will improve EU-UK relations, and that this will in turn unlock progress on the TCA. We are urging the UK Government to make use of this opportunity and to seek rapid progress on issues of concern to Scotland, for example by:

- Strengthening and improving the EU-UK political relationship, and the defence and security relationship.
- Pressing for association to EU programmes, including Horizon and Erasmus+.
- Seeking to agree more expansive arrangements for mobility, including for touring professionals, students, school visits, and young people more widely.

Additionally, we prioritised maintaining the data adequacy assessment with the EU during this period, asking for it to remain a priority for the UK Government. The free flow of data is the bedrock of the economy and essential for firms across all sectors, playing an important role in everyday trade of goods and services. If a data adequacy decision is withdrawn, the cost to business, particularly SMEs, could be huge.



## 2.1.1 Applying our principles to FTAs

The Vision underpins our approach to FTAs and we are focused on ensuring that these support Scotland's ambitions for a Wellbeing Economy.

We have therefore continued to scrutinise the UK Government's proposals for each new FTA and assessed them against the five principles (Inclusive Growth, Wellbeing, Sustainability, Net Zero and Good Governance) in the Vision, so that they best serve the interests of Scotland's economy, people and the planet. Examples of how we have applied the five principles are set out below.



### Inclusive Growth and Wellbeing

As there are winners and losers from trade, it is important to consider the wider socio-economic impacts of trade agreements, including identifying all those negatively impacted, and preventing or addressing these impacts.

We have continued to highlight concerns with the UK Government's scoping assessments – which detail the likely economic, social and environmental impacts of a new FTA – prior to negotiations, and with the final impact assessments, published on completion of an FTA.

In our input to the UK Government on FTA negotiations, we continued to note the limited disaggregation of modelling data for UK nations and regions and called for improvements to this to enable better understanding of the expected impacts and possible opportunities for Scotland. We also called on the UK Government to improve modelling of the impacts of FTAs on countries' neighbouring FTA partners and developing countries. This should aim to ensure possible effects are properly assessed and the degradation of developing country preferences and margins is avoided.

The scoping assessments compiled by the UK Government ahead of FTA negotiations with Canada and Mexico were even more limited, on the grounds that these constitute revisions of existing trade agreements. In our engagement with UK Government on these negotiations, we noted our concern that this limited analysis restricts the extent to which we can understand the possible impacts of these deals in Scotland.



### Sustainability

We continued to emphasise the need to avoid the prioritisation of short-term market access gains over longer-term economic, social and environmental goals.

For example, we highlighted this in our engagement with the UK Government on its programme of MoUs with US States. We also recognised the opportunities for digital trade; however, we made clear that economic objectives must be balanced against social and environmental outcomes. This is to ensure that digital services and products operate to high ethical standards to protect personal privacy, give people control of their personal information, and ensure transparency.

Our approach is also demonstrated by the emphasis we have placed on the importance of food safety, quality and sustainability in FTA negotiations. This was made clear by the Cabinet Secretary for Rural Affairs, Land Reform and Islands' recent letter to the UK Government, underlining the need for trade deals to be negotiated in a way that balances market access with protection of domestic producers. In our input on UK-GCC FTA negotiations, we also underlined the need for consumer benefits in scoping assessments to be assessed on the basis of the quality and standard of produce, rather than simply on the basis of lower cost and greater variety.



## Net Zero

We continued to call on the UK Government to use FTAs to link trade and climate change and to unlock opportunities from the green transition.

We consider compliance with the Paris Agreement to be a 'red line' in FTA negotiations, but the level of those commitments also matters. For example on the UK-GCC FTA currently under negotiation, while welcoming the fact that all GCC member states are signatories to the Paris Agreement, we expressed concern that some have not yet set Net Zero targets. We are also concerned about the inclusion of multilateral environmental agreements and how the issue of carbon leakage will be addressed.

We have also made clear where we see positive examples of FTA text on climate. For example, we welcomed the provisions in the UK-New Zealand FTA, as some of the strongest provisions on climate and the environment in any FTA.<sup>6</sup> Those provisions were comprehensive, precedent-setting and in line with the Vision. However, we note that the recently agreed EU-New Zealand FTA goes even further by ensuring that the Paris temperature goals are enforceable through trade sanctions. This is in line with our support in the Vision for stronger enforcement measures for environmental commitments<sup>7</sup>

While there are positive environmental provisions in the UK-Australia FTA, including reference to the Paris Agreement, we believe that this could have been strengthened with a specific commitment to take action to keep global warming to 1.5 degrees.<sup>8</sup>

We have also voiced concerns in the negotiation with the GCC, where we have highlighted the lack of action among GCC member states to reduce their reliance on fossil fuels both for domestic energy needs as well as within their export and investment activity. We have called on the UK Government to build on precedent in FTAs with other countries and include text on taking steps to eliminate harmful fossil fuel subsidies.

Finally, we have engaged closely with the UK Government to support their work on the liberalisation of environmental goods and services within FTAs. The UK Government's support in allowing the Scottish Government to access data on environmental goods and services was a positive development in the past year. This data will enable us to collaborate with the UK Government on their list of Green Goods, which are those environmental goods prioritised for liberalisation in FTA negotiations.

6 In April 2022, the Minister for Business, Trade, Tourism and Enterprise wrote to the House of Commons International Trade Committee as part of its scrutiny of the UK-New Zealand Free Trade Agreement: <https://committees.parliament.uk/writtenevidence/107825/pdf/>

7 This is set out in a joint letter in August 2022 from the Cabinet Secretary for Rural Affairs and Islands and the Minister for Business, Trade, Tourism and Enterprise to the UK Minister for Trade Policy: [New Zealand trade agreement: letter to the UK Government - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/new-zealand-trade-agreement-letter-to-the-uk-government-2022/pages/2/)

8 This is set out in a joint letter in June 2022 from the Cabinet Secretary for Rural Affairs and Islands and the Minister for Business, Trade, Tourism and Enterprise to Scottish Parliamentary Committees on Economy and Fair Work, and Rural Affairs, Islands and the Natural Environment. <https://www.parliament.scot/-/media/files/committees/rural-affairs-islands-and-natural-environment-committee/correspondence/2022/uk-australia-letter-to-the-convenor-28-june-22.pdf>



## Good Governance

Scotland is committed to being a good global citizen and trading partner, respecting international law, supporting human rights and seeking to build global relationships based on trade.

We are committed to complying with our obligations under UK FTAs which are now in force, working closely with the UK Government, and have provided information to parliamentary committees on those requirements.<sup>9</sup>

Good governance also includes applying good regulatory practices, and we have therefore pressed the UK Government to adhere to international obligations around that, including in the context of the Retained EU Law Bill.

As set out above (in Section 1.1.4 Operating as a good global citizen, supporting global governance structures on trade that works for all), we also established a process to assess the human rights approaches of all the UK Government's prospective FTA partners. These assessments formed part of the Scottish Government's input to the UK Government. As a result, we were able to provide concrete recommendations to the UK Government on how to use these trade negotiations to promote and improve human rights.

For example, in relation to the FTA with Israel, we encouraged the UK Government to refer directly to specific international human rights obligations. We also sought assurances that goods and services sourced from illegal settlements in the Occupied Palestinian Territories (OPTs) are excluded from the UK-Israel FTA in a way that can be reliably enforced.

We further noted concerns on the human rights approach of GCC member states, in particular the treatment of women and girls and the situation of migrant workers. We encouraged the UK Government to use its findings and recommendations from its own Universal Periodic Review process in its engagement with the GCC. We also proposed that policies pursued by GCC states, such as the UAE, on women's economic empowerment could provide a basis for cooperation and engagement on gender equality provisions in the UK-GCC FTA.

<sup>9</sup> Ibid.

## 2.1.2 Thematic areas of interest

Throughout this period, we continued to build on positions set out in the Vision to engage in the wide range of policy areas covered by FTAs, protecting and promoting Scotland's interests. These areas include: food, drink and agriculture; goods; regulation and technical barriers to trade; services and investment; digital trade; Intellectual Property and the NHS; Investor-State Dispute Settlement; and gender.

### Food, drink and agriculture

The Scottish Government continues to have significant concerns around the impact of the UK-Australia FTA, signed on 16 December 2021, on food and drink producers in Scotland.<sup>10</sup> While we recognise opportunities to increase exports to Australia, including for the Scotch Whisky industry, our concerns include:<sup>11</sup>

- Products from animals raised using farming methods which would be illegal in the UK, will be allowed to be imported from Australia.
- Plants grown using pesticides which are banned in the UK will also be permitted, although they will have to ensure residue levels fall below UK limits.
- While there are non-regression clauses on animal welfare, Australian standards are already lower than those of the UK.

We have similar concerns with the UK-New Zealand FTA, signed on 28 February 2022.<sup>12</sup> For example, we are concerned about the impact of the agreement on farming communities in Scotland, given lower production costs in New Zealand and the increased market access offered in the deal. While we welcome provisions on cooperation on Animal Welfare and Anti-Microbial Resistance, these should go further. In line with our commitment to the precautionary principle, preferential market access granted to New Zealand agri-food exporters should also be contingent on meeting equivalent animal welfare and environmental standards to those producers in Scotland are obliged to meet.

The EU also concluded an FTA with New Zealand in June 2022, and we have highlighted the stark difference in outcomes of this agreement compared to the UK-New Zealand deal.<sup>13</sup> Differences include significantly better market access terms for the EU and recognition of the EU's agri-food GIs. It is clear that EU-New Zealand negotiations delivered a better deal for EU agricultural producers, maintaining stronger controls over agri-food imports and protections for EU producers.

In subsequent FTA negotiations, we have therefore sought to achieve better outcomes for agriculture than the poor deals with Australia and New Zealand. We have done this by:

- Engaging closely with DEFRA on the development of an agreed Sanitary and Phytosanitary (SPS) chapter to act as the foundation for any negotiation. The agreed text preserves the Scottish Government's position on broad alignment with the EU and the precautionary principle. This effective engagement has built trust and improved inter-governmental relations.

<sup>10</sup> UK-Australia and UK-New Zealand FTAs came into force on 31 May 2023.

<sup>11</sup> Ibid.

<sup>12</sup> In April 2022, the Minister for Business, Trade, Tourism and Enterprise wrote to the House of Commons International Trade Committee as part of its scrutiny of the UK-New Zealand Free Trade Agreement: <https://committees.parliament.uk/writtenevidence/107825/pdf/>

<sup>13</sup> This is set out in a joint letter in August 2022 from the Cabinet Secretary for Rural Affairs and Islands and the Minister for Business, Trade, Tourism and Enterprise to the UK Minister for Trade Policy: [New Zealand trade agreement: letter to the UK Government - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/new-zealand-trade-agreement-letter-to-the-uk-government/pages/2/)

- Throughout each negotiation, pressing the UK Government on SPS commitments. For example we have pressed for using clear and strong definitions of SPS, including those set out by relevant International Organisations. We are also concerned that any dispute mechanisms for SPS do not put at risk Scotland's right to regulate or allow products to be imported that do not meet our high standards.
- Promoting strong and progressive text on Scottish Government priorities such as Animal Welfare and Anti-Microbial Resistance which, as a result, remained high on the agenda.

We have also pressed for gains for and protection of the Scottish food and drink sector. For example:

- We pushed for whisky tariff liberalisation and the removal of other technical barriers to trade in the India trade deal. In particular, we have urged the UK Government to prioritise the reduction of a 150% tariff on Scotch whisky imports to India. Reduction of the tariff could provide a significant boost to the industry in Scotland and present opportunities for future growth.
- We pressed DEFRA to extend the UK's GI scheme to the Australia and New Zealand trade deals, following a failure to negotiate coverage of such a scheme on day one of entry into force (as was agreed in the recent New Zealand-EU trade deal). There is some provision in this area in the UK deal with New Zealand, but an extension to the scheme will take time to develop, posing a risk in the short to medium term. The situation is worse in the agreement with Australia, where there appears to be no prospect of recognition. As part of the UK-Switzerland FTA, we also sought an extension of the UK GI scheme to Switzerland to protect Scotland world famous produce, including Scottish Salmon, Stornoway Black Pudding, Scotch Whisky and Arbroath Smokie. We also support seeking effective protection of GIs in India.
- We assessed the impacts of tariffs on trade with Canada and any impacts liberalisation may have on the world-renowned salmon sector.

### **Trade in Goods**

Trade agreements can provide opportunities for Scottish exporters to enter or develop new markets. However, any agreement on goods market access must reflect Scotland's needs and protect domestic producers from unfair competition. Over this period, the Scottish Government has therefore continued to focus on ensuring that FTAs offer the greatest opportunities for Scottish goods exporters, while protecting our more sensitive sectors.

For example, we encouraged the UK to seek tariff liberalisation on exports to GCC countries for Scotland's food and drink producers in the UK-GCC FTA negotiations, while recognising religious and cultural sensitivities around certain products in GCC states. We also encouraged the UK to seek improvements in goods market access terms for machinery and transport equipment sectors, with a view to future opportunities in renewable energy as GCC economies transition away from fossil fuels.

## Regulation and Technical Barriers to Trade

We maintained regular engagement with the UK Government across all live and upcoming FTAs on issues relating to Good Regulatory Practices and Regulatory Cooperation (GRPRC). We are open to opportunities for regulatory cooperation with like-minded trading partners, whilst ensuring our right to regulate for the public good is protected. We therefore continued to call on the UK Government to ensure that commitments made under GRPRC chapters do not impact the right to regulate to achieve public policy goals, or prevent governments from regulating in accordance with the precautionary principle. For example, in MoUs under negotiation with US states, including Texas, we welcomed the focus on regulatory approaches that facilitate innovation, trade and cooperation, but were clear that regulation should support public policy objectives. This is in line with our positions on GRPRC in FTAs, as noted in our recent input to the UK Government on negotiations with the GCC.

However, we also recognise that complex and opaque regulation can act as a barrier to trade and that technical barriers can prevent exporters from unlocking the benefits of international trading. For example, on the UK-GCC FTA, we therefore shared stakeholder feedback on a range of technical barriers to trade for exporters, including a lack of regulatory alignment, and complex and non-transparent labelling, certification and rules of origin requirements.

## Services and investment

New FTAs should open opportunities for Scotland's strong services sectors to ensure they benefit from opportunities to grow their exports. We have continued to prioritise this in our engagement with the UK Government on FTAs.

For example, Scotland's innovative and world-leading life sciences sector is a key sector for both goods and services. Published in November 2022, the [Life Sciences Sector Export Plan](#) identifies the US as the priority market for pharma services, medical technology and digital health. We have used the plan as a basis for engagement with the UK Government on the negotiation and implementation of MoUs with US States, such as the UK-South Carolina Cooperation and Trade MoU, and will work to leverage the opportunities it could present.

While we have identified services opportunities across ongoing FTA negotiations with Israel, the GCC and Switzerland, we have also raised concerns. For example, in relation to architectural services, we have raised concerns about the treatment of migrant workers within the construction sector in Israel. We have also encouraged the UK Government to ensure that benefits from the further liberalisation of financial services with Switzerland support the sector across the UK, not only in London.

Enhancing mobility is another key priority for the Scottish Government, and we have supported moves in FTAs to ensure that work permit and visa rules allow for technical staff mobility, and that business visitor rules allow very short-term paid work. We have also continued to engage with the UK Government on the Mutual Recognition of Professional Qualifications and pressed for Scottish interests to be represented in Mutual Recognition Agreements.

For example, in relation to ongoing FTA negotiations with Canada, we have requested that the UK extend mobility negotiating asks to include technical specialists in energy systems maintenance who have a key role in the net zero transition.

We also continue to encourage inter-regulator dialogue outwith FTAs, as we consider this is where much of the progress can be made on professional qualifications.

We have sought to be proactive where there are opportunities to unlock increased investment flows. For example we have called for investment provisions in the GCC FTA that will support Scotland to benefit from growing investment from the UAE and other GCC states into the UK.

### **Digital Trade**

The Scottish Government wants businesses to take advantage of the opportunities presented by the acceleration of digital trade, including through FTAs. We welcome the opening up of new opportunities for Scottish businesses and reduction in barriers to cross-border trade.

In March 2022 we published a [Technology Sector Export Plan](#), a framework through which industry, public sector and the Scottish Government can collaborate to identify and maximise export opportunities. We have used this to highlight opportunities for the technology sector within FTAs, for example within the UK-Singapore Digital Economy Agreement, which has the potential to support the internationalisation of the sector.

However, the Scottish Government takes a digital rights-based approach to digital trade: any developments on digital trade must balance economic, social and environmental outcomes. This position has been reflected in our input to the UK Government on all FTA negotiations and we have also pressed for the recognition of digital rights in UK-US State MoU talks.

### **Intellectual Property (IP) and the NHS**

We have made clear that the NHS, its services, and the price paid for medicines should not be included in any trade-related negotiations with other countries. The NHS must be protected from potential increased drug costs as a result of IP provisions in FTAs. That is why we acted quickly following media reports on the UK-India FTA IP Chapter and its potential impact on India's ability to produce medicines, which are sold to the NHS. The Cabinet Secretary for Health and Social Care wrote to UK counterparts seeking assurances that an FTA with India will not jeopardize access to affordable medicines for NHS patients in Scotland.

## Investor-State Dispute Settlement (ISDS)

In recent years, stakeholders have been increasingly critical of ISDS provisions in FTAs. We have recognised these concerns and called for the UK Government to reject the classic private arbitration model of ISDS, and actively contribute to the development of international best practice and the consideration of alternative models of dispute resolution.

The UK Government's position on the negotiation of investment agreements and ISDS provisions is to maintain our right to regulate in the public interest, including in areas such as the environment and labour standards. However, we have concerns that provisions in CPTPP do not prevent multinational businesses from bringing cases against the UK where they believe they have been detrimentally affected. Such court cases could be costly and time consuming for the UK.

## Gender

We recognise the progress the UK Government has made over this period to integrate gender and trade considerations into its negotiation of trade agreements. Therefore, in our input to FTAs with the Gulf Cooperation Council (GCC), Mexico and Canada, we have supported both a dedicated chapter on gender, and provisions which mainstream gender throughout the agreement.

We have consistently argued that gender chapters and any related cooperation activities should support the identification of mechanisms to address any potential negative impacts of trade, in addition to addressing barriers and enhancing opportunities for women to access the benefits of trade. This is in consideration of the multiple roles women play as exporters, producers, workers, consumers and in taking responsibility for unpaid work. We also recognise the differential effects of intersectionality, and have pressed for the contributions of ethnic minority and disabled women to economic development to be taken into account in the negotiation process.

We have also highlighted our support for structured consultation mechanisms that ensure women and representative groups are active participants and able to provide feedback on an ongoing basis.



## 2.2 Wider engagement with the UK Government on Trade Policy

### World Trade Organization

The WTO's 12th Ministerial Conference, held in June 2022, was a key milestone in international trade policy, demonstrating the continuing value of the WTO and associated multilateral trading system. The Scottish Government developed clear priorities, with input from a range of external stakeholders (See Section 3.1, below, on Stakeholder engagement), and communicated these to the UK Government to develop an agreed approach. Those priorities included outcomes on fisheries subsidies, trade and environment and trade and gender.

The difficult context in which these agreements were reached – the ongoing Russia/Ukraine crisis, as well as continued US-China tensions – further illustrates the determination by members to ensure outcomes were delivered. However, it is clear that the final agreements are not as comprehensive or ambitious as were proposed.

The ability of WTO members to reach consensus and deliver outcomes at MC12, in particular the multilateral agreement on fisheries subsidies, was a positive step that strengthened the credibility of the WTO regime. As we look ahead to the 13th Ministerial Conference (MC13), we will continue to support further negotiations to extend the agreement to cover subsidies on overcapacity and overfishing to enable real action on harmful and unsustainable fishing practices.

Whilst a concrete outcome on trade and gender equality was not delivered, the recognition of women's economic empowerment in the ministerial outcome document marked the first multilateral recognition of the role the WTO regime plays in enhancing women's economic empowerment through trade.

We also supported the actions of the UK Government in proposing ministerial action on food insecurity, in light of the Russian invasion of Ukraine.

An Informal Dialogue on Plastics Pollution was launched in December 2021 which has sought to advance discussions and evidence gathering on the most effective trade approaches to ending plastic pollution. The Scottish Government engaged closely with the UK Government to shape the proposed work plan. There is an opportunity for Scottish Government policy to be informed and shaped by the discussions and research being undertaken on this by like-minded countries at the WTO. We will look to harness these opportunities by continuing to engage with the UK Government and the WTO to ensure that Scotland's move towards a circular economy is informed by international best practice.

We also acknowledge and welcome the progress made at MC12 to reach agreement on a temporary waiver to The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) for Covid-19 vaccines. This agreement came in the face of initial hesitation from governments, including the EU and the UK, and demonstrates the strength of voices advocating for a waiver. The outcome at MC12 supports the Scottish Government's continued call for global vaccine equity, with space for more progress to be made to ensure Covid-19 vaccines are available and accessible to all. The Scottish Government is therefore continuing to consider the options for strengthening the waiver, whilst ensuring balanced protection for investment and innovation in the life sciences sector. As the debate continues at the WTO on whether to extend the waiver to include diagnostics and therapeutics, the Scottish Government will continue to ensure our approach is balanced and reflects the values of our Vision.

## **International Development**

In the Vision we recommended that the UK Government explore how the UK's Generalised Scheme of Preferences (GSP) mechanism could be improved. In August 2022, the UK Government launched a new GSP mechanism, the Developing Countries Trading Scheme (DCTS).

We have engaged with the UK Government on this development, welcoming the simplification of Rules of Origin requirements for Least Developed Countries and tariff reductions on imports from low income and lower-middle income countries. However, we have also highlighted concerns on preference erosion and the weakening of conditionality in the scheme.

# 3 Steps taken to build our evidence base on trade and monitor Scotland's Vision for Trade

It is crucial that our work developing and implementing the Vision is built on stakeholder input, informed by relevant and robust data and evidence, and is monitored to ensure we are making good progress against our priorities in relation to the Economy, People and the Planet.

## 3.1 Stakeholder Engagement

In the Vision, we issued an open invitation, to individuals, businesses, academics and other organisations in Scotland and globally, to discuss trade policy with us, reflecting the priority we place on ensuring that our approach to trade is informed by the experience and expertise of consumers, businesses, workers, civil society and others.

To allow further consideration of our priorities and the trade-offs across economic, social and environmental aims, we convened a series of roundtables with stakeholders over this period to consult on a range of technical issues.

### **Improving the trading environment for Scottish businesses while addressing trade's differential impacts on sectors, regions and groups.**

Following commitments in the Vision to ensure our trade policy is informed by stakeholder experience and expertise, in June 2022 we held a stakeholder roundtable on 'Improving the trading environment for Scottish businesses while addressing trade's differential impacts on sectors, regions and groups'.

This roundtable aimed to identify ways to improve our evidence base on differential impacts and to explore approaches to preventing or mitigating those impacts in Scotland. Our stakeholders included business representatives (from Scottish Chambers of Commerce and Highlands and Islands Enterprise), Trades Union Congress, as well as academia (e.g. Fraser of Allander). Input from this roundtable has guided our policy on differential impacts of trade.

Insights gained included:

- Information on existing relevant data and challenges in accessing that data.
- A better understanding of where gaps lie in information and steps the Scottish Government can take to address those.
- Good practices in other countries, demonstrating what can be done, even with an imperfect evidence base.
- Input on approaches which could be used to prevent or mitigate adverse or undesired effects of trade shocks and trends in Scotland.
- The relevance of non-trade related policies in addressing the differential impacts of trade.

- Views on integrating a feminist approach into trade policy, including: designing trade policy to advance domestic objectives on gender equality; mainstreaming gendered economic modelling; and considering the impact on and interests of all women, not just those who are entrepreneurs.

Outputs from this roundtable have contributed to our evidence base on differential impacts of trade and have provided insights into possible measures that could be taken to mitigate these impacts. These outputs will be used to help prioritise our work.

### **Scotland's role in supporting the rules-based system, while encouraging reform in line with economic, social and environmental aims.**

We convened a roundtable to explore how best to use our engagement with the WTO to promote the Scottish Government's policy objectives, discussing Scotland's role in supporting the multilateral trading system.

We invited trade academics and policy experts from institutions including the World Bank, the International Institute for Sustainable Development and the University of Glasgow, building relationships with these global trade experts to assist the development of Scottish Government policy.

The session considered the prospects for success in promoting Scotland's three priority issues (fisheries subsidies; trade, environment and sustainability; and trade and gender) at MC12 in June 2022. Additionally participants discussed how Scotland can support the WTO, how we can look to project our principles internationally, and what opportunities there are for a strengthened and enhanced role at the WTO.

Following the session, we continued to build on our relationships with external experts, and with two panellists in particular. Both are academics interested in engaging further on questions relating to the role that the Scottish Government can play, as a devolved administration, in multilateral trade reform, as well as on the role of trade in climate change policy. Research produced by these panellists will feed into the delivery of our priority to see a stronger, reformed and enhanced WTO.

Building on this roundtable, and reflecting shared Scottish and UK interests in a well-functioning multilateral trade environment, we also engaged over this period with like-minded governments and UK and international stakeholders to explore how best to reform and strengthen the WTO regime, including in respect of dispute settlement. As part of these activities, we held discussions with US and EU-based practitioners, academics and policy community members, as well as with UK counterparts.

Illustrating the value of our convening role and Scotland's positive international reputation, as well as positive relationships fostered in this field with UK and international stakeholders, we supported the organisation of a June 2023 roundtable at the University of Glasgow which explored the prospects for progressive reform and the strengthening of global trade institutions.

The Scottish Government EU Office also hosted a trade roundtable that included trade counsellors from the EU and third countries, for a Chatham house rule discussion on key issues and developments related to the challenges to the WTO order impacting on trade and investment. Scottish Government officials also held several bilateral meetings with trade officials and key stakeholders from manufacturing and food and drink industries.

### Trade as a dual lever for economic development and climate goals

A roundtable on 'Trade as a dual lever for sustainable economic development and climate goals: identifying, influencing and accessing new net-zero export markets' was held in June 2022.

This roundtable brought together stakeholders from the Norwegian Institute for External Affairs, the International Institute for Sustainable Development, Ernst & Young, Off-shore Energy UK, Scottish Enterprise and the Overseas Development Institute (ODI). Three topics were considered: shifting demand in the context of a global net-zero transition; Scotland's capability to meet demand; and the actions we can take to develop, influence and access new net-zero markets.

Points raised included:

- Scotland should take a holistic approach to our export, import and investment plans, to ensure our economic levers work together to support Scotland's net-zero and development plans. Conducting granular sectoral analysis of Scotland's net-zero production chains would support this approach.
- SMEs, as innovators on environmental goods and services, could benefit from export support.
- The importance of high-level political collaboration at a national and sub-national level was underlined as critical to strengthening Scotland's commercial position within international net-zero markets and meaningfully supporting our international development partners.

These recommendations are informing the direction of our work on environmental goods and services, net-zero export opportunities and trade and international development. We have also linked ODI with developments within the Scottish Government on loss and damage and the Global Renewables Centre.

### What trade based on high regulatory standards means for Scotland's businesses, workers and consumers

A roundtable was held on 13 May 2022 on 'What trade based on high regulatory standards means for Scotland's businesses, workers and consumers.' The session aimed to identify mechanisms and sectoral priorities to improve Scottish regulation that impacts on trade, in the context of International Regulatory Cooperation (IRC). Participants included the BSI, Which? Consumer Group, SCDI and UKAS.

Areas identified by the session included:

- Priorities for high regulatory standards including consumer priorities.
- Opportunities to use the Better Regulation framework to embed international considerations into policy development to reduce trade barriers.
- Opportunities and risks in relation to international standards.
- Opportunities in relation to IRC. This will feed into a Scottish Government work plan on IRC, building on elements from the IRC strategy and framework published by the UK Government.

## 3.2 Developing data and evidence to inform trade policy

Improving access to, and developing, relevant data and evidence in support of our trade policy is key to the successful implementation of the Vision, laying the groundwork for decisions we make on trade and the levers we prioritise.

This year, in addition to the areas covered above, we have developed our evidence base in two key areas:

- Our role as a devolved administration in contributing to the development of FTAs, through the secondment of Lindsey Garner-Knapp, a PhD candidate in Politics and International Relations at the University of Edinburgh. Her research focuses on the role of sub-national civil servants from the Canadian provinces and UK's devolved governments in FTAs.
- Opportunities to maximise Scotland's role and influence on WTO policies and processes, through the secondment from the University of Glasgow during 2022-23 of Dr Henry Lovat as Senior Research Fellow for Trade Strategy, sponsored by UK Research and Innovation and the Economic and Social Research Council.

### Our role as a devolved administration in inputting into the negotiation of Free Trade Agreements

Over the course of a four-month secondment from the University of Edinburgh, Lindsey Garner-Knapp conducted research focused on the Scottish Government's trade policy-making processes. The purpose of this research was to advise the Scottish Government on strategies to improve engagement on the development and implementation of FTAs. This aimed to support improved efficiency and effectiveness in resource allocation to better meet the needs of citizens, businesses, and other stakeholders in Scotland.

The research included an assessment of the team's outreach and trade policy network, using social network analysis and interviews. The Scottish Government's approach to trade policy-making was also compared with similarly positioned sub-central governments, including Australian States and Canadian Provinces.

The research noted that there are a number of reasons for including sub-central Governments in FTA negotiations. Their involvement can assist in identifying strategies to mitigate the negative consequences of trade liberalisation, uphold the values of democratic governance and the multilevel government apparatus, and reduce risks by providing a platform for continual consultation throughout a negotiation rather than after terms have been agreed.

The research also found five key areas of opportunity with the highest likelihood of a beneficial impact on the Scottish economy while supporting the goals in the Vision and A Trading Nation. They include playing an active role in ongoing inter-governmental reviews; developing staff expertise in trade policy; building trusting relationships with key networks; networking with stakeholders in the international arena; and providing support to businesses in the form of outreach and learning and development opportunities to inform trade policy preferences.

## Opportunities to maximise Scotland's role and influence on WTO policies and processes

A set of potential levers to maximise Scotland's role and influence on WTO policies and processes has been identified in the course of Dr Henry Lovat's secondment. Some of these are currently being used, while we will look to explore others over the coming year in order to seek to influence outcomes at the WTO and strengthen global trade governance.

- Contributing to the UK Government position at MC13 and exploring Ministerial attendance as part of the UK delegation.
- Utilising our international networks to build partnerships and inform our and others' positions at the WTO and on related trade issues and initiatives.
- Contributing to UK Government positions at key WTO committees where there is a devolved policy interest, including: the Committee on Agriculture, the Trade and Environment Committee, the Committee on Sanitary and Phytosanitary Measures; and the Committee on Technical Barriers to Trade.
- Working with business groups and sectors to inform positions at key WTO committees where there is a devolved policy interest.
- Abiding by our compliance obligations, including the WTO notification system, which places a duty to notify members of new regulations that might have an effect on international trade.
- Participating in WTO Trade Policy Reviews of key import/export markets.
- Developing our domestic positions on WTO-related issues where Scotland has a distinct perspective and expertise.
- Leveraging our soft power to convene stakeholders and develop international partnerships to explore and promote solutions to global trade challenges.
- Supporting Scottish civil society, business, industry and academic engagement on global trade policy issues, identifying shared interests and opportunities to promote these within the UK and internationally.
- Undertaking risk management to map devolved policies that could result in international trade disputes.

### 3.3 Monitoring Scotland's Vision for Trade

This annual report, which details how we have put into practice the principles in the Vision and met the needs of people and businesses in our policy development and trade decisions, is a core part of documenting our continuing work on trade policy.

We are identifying additional ways to track the views of businesses and individuals in relation to the effectiveness of Scotland's trade policy, and on their top priorities for the Scottish Government for using our own levers and influencing the UK Government to use theirs. There are a range of approaches that other trade players use to measure their progress. These approaches generally use macro quantitative performance indicators. However, given that all levers to direct, manage, and shape international trade flows and their impacts are currently not within the control of the Scottish Government, and others fall within the remit of A Trading Nation, a similar macro quantitative approach would not be suitable for measuring progress in implementing the Vision.

As a result, our proposed approach is largely qualitative, to allow us to isolate the potential ways in which implementing the Vision is contributing to positive or negative changes for sectors/businesses, individuals, and the planet. We plan to continue tracking our progress using a combination of the following methods:

- Documenting evidence of policy implementation: through documenting our policy deliverables. This is the type of evidence that we have set out in this year's annual report.
- Gathering stakeholder perspectives on our progress: engaging with stakeholders and existing networks. This would allow us to gather stakeholder input on changes for individuals, businesses/sectors and the planet as a result of actions within the scope of the Vision. The stakeholder roundtables we held in 2021-22 are an example of how we have gathered these perspectives to date. Additionally we are exploring options for a benchmarking exercise with trade experts and other stakeholders to compare our work with best practice exemplars.
- Compiling evidence from other data sources: using data from other sources to provide wider context for actions we have taken, for example, business survey data from Scottish Government surveys and enterprise agencies; data on attitudes to trade from the UK Government Trade Attitudes tracker; research by the Centre for Inclusive Trade Policy (e.g. jobs in trade database).
- Establishing links with other monitoring frameworks: using other monitoring frameworks within the Scottish Government, for example the Global Footprint indicator within the Environment Strategy for Scotland, the International Networks indicator within the National Performance Framework and, at a macro level, Scotland's Wellbeing Monitor.





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