

10 Years of Networking Scotland in Europe

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THE SCOTLAND EUROPA PAPERS

The Scotland Europa Papers are a series of occasional papers which have two objectives:

- “ to make a Scottish contribution to key issues that will affect the development of the European Union;
- “ to promote a wider understanding of European issues in Scotland.

The Scotland Europa Papers are intended to provide a forum for interested parties in Scotland and other European countries and regions to promote ideas and perspectives on issues that are of importance to the development of Scotland and the EU. The papers will be given wide circulation. We welcome contributions to the series.

The views expressed in the Scotland Europa Papers are those of the authors and do not necessarily represent the views of Scotland Europa or its members and partners.

We would be very pleased to have your views on any of the ideas raised in the papers or for you to arrange to receive further papers in the series. Please contact:

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We look forward to hearing from you.

Kind regards,

Veronica McWatt

1. Introduction

I have been asked to provide an overview of Scotland Europa's development during its first 10 years. I do so very much as an outsider, although one who has followed the development of Scotland Europa with considerable interest. I should also say that I have the pleasure of knowing each of its 3 Chief Executives, and I remain hugely impressed by the distinctive contribution that each has made - in different ways - to its success. But here I want to leave personalities to one side and focus more on the role that Scotland Europa has played over the last decade in advancing Scotland's interests in the EU, and how that role might evolve in the new context of devolution.

I've separated my remarks into two sections. In the first I will review from an observers standpoint why Scotland Europa has evolved as an essential part of Scotland's collective stakeholding within the European Union. Second, I want to turn to the new context of devolution, and offer some reflections on role of Scotland House.

2. Scotland Europa: the Record thus Far

The decision to establish Scotland Europa reflected a growing understanding on the part of politicians here in Scotland that the Scotland's commercial and broader public policy interests could best be served by a Scottish presence at the heart of the European Union. What emerged in the shape of Scotland Europa was a distinctively Scottish arrangement which brought together Scottish Enterprise and a variety of public and private sector interests, with a common aim of ensuring that Scotland would be well placed to take full benefit from the rapidly changing European Union. At that time completion of the Single European Market was uppermost on the EU agenda and this involved a raft of complex legislative changes that had to be understood and acted upon by the private sector in Scotland if the resultant commercial opportunities were to be fully exploited. At the same time on-going reforms to the EU regional and social policies was dominating the agenda of many local and regional authorities. What Scotland Europa was to provide, was both a route whereby these various Scottish interests could access directly the European Commission and its constituent agencies, and a vehicle for finding out precisely what measures were being enacted in Brussels and what implications these held for different sectors of Scotland's economy.

From the outset it was envisaged that Scotland Europa would perform a specific range of functions, including information and intelligence gathering, and providing advice and assistance to member companies operating in the EU market-place, and the various organisations for whom EU policies offered important funding opportunities - e.g. financial support for research and development; regional development programmes of assistance; and funding for social policy aims, including training and educational programmes. In these latter activities Scotland Europa both complemented and supplemented established Scottish agencies who already had officials located in Brussels, such as some local authorities.

That Scotland Europa was formed as a division within Scottish Enterprise was very significant. Because of this, a crucial link between the EU-oriented private sector in Scotland and the national economic development agency was forged. At the same time the proximity of Scotland Europa to other economic development agencies - especially the local authorities and CoSLA through their officials in Brussels - ensured that Scotland's economic development information loop was complete; producing what was a fairly unusual (at least in Brussels terms) "representative" Scottish agency. I regard this capacity of Scotland Europa to bring together various public sector organisations and key players in the private sector as central to its success over the years. I'll return to this point later.

A primary function of Scotland Europa is representing, and meeting the needs of, its clients, which now numbers over 60 organisations, and which together cover the spectrum of Scottish economic and social interests from the private and public sectors. This is a role which Scotland Europa has, in various ways, discharged both creatively and effectively over the 10 years of its existence. In

preparing for this conference I was reading through the original feasibility study for the establishment of a Scottish “centre” in Brussels prepared way back in 1989 and I was struck by the extent to which the arguments rehearsed in that document remain just as pertinent today - if not more so.

Today Scotland Europa continues to develop its role as a broker of Scottish interests in Europe. Much energy is devoted to the essential tasks of information and intelligence gathering, and keeping its membership informed of the myriad developments and opportunities within the Brussels EU policy machinery. The Monthly Report, for instance, was an innovation in bridging the gap between the EU's and Scotland's interests from the outset, and it remains a highly respected and authoritative source of EU information and commentary – which is now supplanted by an ‘as-and-when-it-happens’ alert service.

As I already suggested, in many ways the initial reasons for Scotland Europa's creation remain as valid today as they did 10 years ago - indeed, probably more so now than then. I say this for **four** reasons:

First: the sheer quantity of EU legislation in the form of regulations and directives continues to grow in response to the development and refinement of EU objectives and policy aims. Accordingly, it remains essential for companies and public sector organisations in Scotland to have access to a well-informed and responsive agency placed close to the heart of the action in Brussels. Undoubtedly this is of particular relevance to the SME sector of the economy. I think the last 10 years of Scotland Europa has demonstrated that it does fulfil this role, for instance in assisting members to take advantage of funding opportunities; informing members of prospective legislative developments and how these might be influenced; supporting the SME sector; and advising members how best to further their interests and maximise opportunities available within the EU.

And this process continues. More recently - by establishing interest groups dealing with (i) environment and energy matters, (ii) research, education and training, and (iii) e-commerce and e-business - Scotland Europa is locking-onto key issues of concern to Scotland's economy. Moreover, each of these three policy areas reflect the broad EU priorities as established by the Lisbon summit in March 2000. There, the EU Heads of Government set out their aim for the European economy to become the most competitive and dynamic knowledge-based economy in the world. It seems to me that the priorities and current direction of Scotland Europa's activities sit precisely with this objective and will contribute to ensuring that Scotland plays a full part in, and reaps the benefit from, that process.

Second: there are significant challenges ahead for the Scottish economy which Scotland Europa will play a key role in meeting. Chief amongst these is the forthcoming enlargement of the EU to include up to 10 Central and East European countries. This will provide both threats and opportunities to the Scottish economy, and it is vital that - as part of their response - the private and public sectors have access to resources fully engaged with developments on the European stage. Because it is a part of Scottish Enterprise's international operations, Scotland Europa is well placed to ensure that these threats and opportunities are fully understood here in Scotland and are reflected in the broader national and local economic development strategies developed by Scottish Enterprise and local authorities, as well as at the level of manufacturing and service-based organisations.

Third: Scotland Europa has evolved as a pivotal organisation for bridging the public policy divide between the institutions of the European Union, and Scotland's broader economic and social interests. It is difficult to overstate the importance it has had in this broadly representational role throughout the 1990s.

On the one hand it provided a conduit for Scotland's interests to be included within the hugely important EU public policy network. Undoubtedly the profile of Scotland within the European Union has been raised, and this added considerably to the voice - individually and collectively - of the

Scottish organisations active within the EU corridors, including local authorities, trade unions, the voluntary sector, and educational institutions. Sometimes this influence was tangible, sometimes it was informational, sometimes it took the form of awareness-raising here or in Brussels.

On the other hand Scotland Europa has been a key player in the reverse process - that is in contributing to something we might call the “Europeanisation” of Scotland. Scotland lies on the geographical periphery of the European Union, and that presents various obstacles - tangible and intangible - to our full engagement within the EU. Overcoming these obstacles requires specialist resources, and Scotland Europa contributes to this task by keeping domestic companies and other interests up-to-date on what is happening in the EU, and providing practical advice and guidance on how best to respond to these developments.

There is a **fourth** function that I believe Scotland Europa has played and which continues to be an important part of its activities - and that is networking with the Brussels-based delegations and representations of other regional or sub-national organisations, and influencing the EU policy process from within that network. Networking is one of those activities where specific outcomes can be hard to identify, but which nonetheless is a vital part of any modern governance system. This is especially true in Brussels, because the European Union has very small and a relatively open bureaucracy which is keen to draw on expertise from across the EU – not only from national governments. The broadly-based membership of Scotland Europa – and the perspective on policy issues this produces - has made Scotland Europa an influential player within the network of sub-national representations which now numbers something like 170 offices. And while it seldom clear exactly where a particular idea came from, I do know that Scotland Europa - through its on-going Scotland Europa Papers series - was influential back in 1999 in advancing the argument that those regions graduating out of Objective 1 eligibility from the year 2000 should be given transition financial support that take them up to 2006. This idea was taken up in the Agenda 2000 deliberations, and was adopted by the EU as policy for the revised structural funds - a decision that directly benefited the Highlands and Islands region. So advocacy (old fashioned lobbying) is important; and the more representative can an institution claim to be, then the more compelling is its advocacy.

The key point here, I think, is that the broadly-based partnership which underpins - and is an important feature of - Scotland Europa makes it well placed to put forward policy-relevant arguments that are informed by a diversity of interests, rather than just one - such as a local or regional government. This is a strength of Scotland Europa, and a distinctive feature which many other Brussels based sub-national representations are looking at with interest.

3. Looking to the Future: Scotland Europa and Scotland House

Inevitably devolution has changed the context in which Scotland Europa operates. The principal change, of course, was the decision to establish an office of the Scottish Executive in Brussels as from 1st July 1999 - devolution day. At that point the Scottish Executive – through its Brussels office and in partnership with the UK Government’s Permanent Representation (UKRep) – would take on the specifically *policy* and broadly *ambassadorial* aspects of Scotland’s business with, and towards, the European Union. Scotland Europa, on the other hand, would continue to serve the burgeoning needs of its membership and thereby to contribute to Scotland’s economic vitality as part of the Scottish Enterprise organisation. The main risk, however, was not in the division of tasks between Scotland Europa and the Scottish Executive office, which was fairly obvious from the outset, but rather that the new office might detract from the strong sense of positive identity and awareness of Scotland that Scotland Europa had worked successfully to establish in the meantime.

As a result of some imaginative thinking back in Edinburgh, it was decided that the Scottish Executive office in Brussels should be co-located with Scotland Europa within what is called Scotland House to ensure that the “identity” of Scotland so carefully nurtured by Scotland Europa over a decade would not be jeopardised. And although quite distinct offices serving quite distinct constituents, it is very apparent that this locational fusion has been a considerable success.

If we consider two current projects that Scotland Europa is undertaking then I think we can see very clearly just how relevant and important it is to the future.

The first is the Report '**Partners in Development**', which examined some of the economic development issues surrounding (i) common problems of land reclamation and environmental renewal; (ii) clusters; (iii) sustainable development and environmental technology industries; and (iv) entrepreneurialism and sustainable new business start-ups in Scotland and the German laend Nord Rhein Westfalen. The project additionally looked at the management and policy related to European Structural funds and their contribution to the success in each of these four economic development issues. The Project involved Scotland Europa/Scottish Enterprise and the Scottish Executive, and was written by Scottish Enterprise staff on the Management development programme.

The second is the establishment and co-ordinating of the **European BioRegions Network** which was triggered by the new European Commission strategy for Life Sciences and Biotechnology. That strategy is also a major focus of the 6th European Framework Programme for Research and Development, a Programme of considerable interest to Scottish business and research organisations – including this University. The Scottish Enterprise Biotechnology team were particularly keen to get more involved with the development of this Commission strategy, and to develop connections with other 'biotechnology regions' with whom they could work in the future. Accordingly the BioRegions Network initiative was started in November 2001 as part of the follow-up to a seminar on 'The Future of Biotechnology in Europe', which was organised by Scotland Europa as part of Scotland Week 2001, in October that year. At their first round table discussion, in Scotland House, on February 4th 2002, there were 33 participants from 14 regions of 7 member states. The European Commission, EIB and EuropaBio were also present, and their representatives all welcomed the initiative. This network involves all players in Scottish biotech – primarily Scottish Enterprise and Scotland Europa members, while the BioIndustry Association have also been involved. Staff of the Executive office in Scotland House have also attended meetings.

Both these ventures demonstrate in a tangible sense the importance of networks of sub-national agencies within the EU policy context. Sharing experiences and learning best-practice from one another is recognised as an essential element in good policy-making and maximising the opportunities from a specific public policy initiative. However, I think these examples also highlight an advantage that can accrue to the distinctive type organisation that Scotland Europa has evolved as. Scotland Europa's distinctiveness is that by incorporating both private and public sectors it is able to capture and reflect the essential public-private sector partnership which I consider has to lie at the heart of a contemporary regulatory system, such as the European Union, if that regulatory system is to be both fair and efficient. Regulations will be better if they are the product of dialogue between public and private sectors, and Scotland Europa plays an important role in facilitating a Scottish dialogue in this regard - all the more so with the advent of devolution and the creation of Scotland House - whose voice can be heard at the centre of the EU governance system. The benefits from this for Scotland are potentially very considerable indeed.

Conclusion

In conclusion, it seems to me that in the on-going initiatives that Scotland Europa is involved in, as well by fulfilling its more day-to-day functions, Scotland Europa demonstrates why it will continue to occupy a pivotal position within the overall engagement between Scotland and the European Union.

As I indicated earlier, the economic challenges to Scotland are bound to intensify as the twin processes of globalisation and EU enlargement continue to impact on our economy. As new countries enter the single market and structural fund activities are refocused on the acceding countries, the competitive challenges to Scotland's economy are bound to increase. A coherent and a coordinated strategy involving all sectors of Scotland's economy will continue to be necessary if we are to exploit the opportunities that these developments will bring. There is no doubt that Scotland Europa will remain a key participant in this process, and I look forward with considerable interest to watching them develop over the next 10 years.

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