

Scottish Government Policy on Trade Promotion Support for the Fossil Fuel Energy Sector Overseas

October 2021

Our Programme for Government Commitment

In our [2019 Program for Government](#) we committed to ensuring that support for the oil and gas sector will be conditional on it enabling a sustainable and just energy transition, this announcement includes bringing trade support and promotion in line with that commitment.

Executive Summary

Scottish Government is committed to a fair and just transition. Oil and gas is a crucial sector for the Scottish economy and a key player in this transition. This document provides detail of how it will implement its policy, announced as part of [Scotland's Vision for Trade](#), on trade promotion support for the fossil fuel sector overseas. It also sets out, in context, the wider policy and business support that Scottish Government will continue to provide the oil and gas sector to transition safely and effectively to net-zero

We are:

- ending routine overseas trade promotion support for purely fossil fuel goods and services from 1 November 2021, apart from small and medium sized-enterprises (SME) who will continue to receive such support until 31 March 2022, taking into consideration the feedback from industry stakeholders.
- continuing to provide support for goods and services that align with the energy transition (see [section 4](#)).
- continuing to support purely fossil fuel projects in specific circumstances for example for humanitarian reasons (see Part A of the detailed guidance document; for details of exemptions – follow link at [section 5](#) of this document).
- publishing a comprehensive and transparent guidance to this policy, to provide clarity and certainty for business and civil society. This will include what is exempt from the policy, guidance on how the policy will apply to specific areas and areas not covered by the policy.
- continuing to work with Scottish Development International and their in-market specialists to provide support to companies within the oil and gas sector to help them meet their transition objectives.
- committing to co-design the energy just transition plan in partnership with industry stakeholders as noted in our [Just Transition Commission Report Response](#).

1. Background

The Scottish Government is committed to principles of [Just Transition](#) and our response to the Just Transition Commission has clearly set how we will approach meeting our emissions reductions and ultimately our target of net zero emissions by 2045.

We believe all parts of Scottish Government policy, including international trade policy have a significant role to play in securing that just transition. That is why [Scotland's Vision for Trade](#) included a commitment to end all Scottish Government overseas trade support and promotion activities solely focused on fossil fuel goods and services by COP26 (1 November 2021). However, we recognise the role that this sector plays, not just in maintaining our ongoing requirements for a secure energy supply but also the critical role that the oil and gas supply chain continues to play in supporting and leading Scotland's energy transition, and the opportunities internationally.

That is why we have refocused our overseas trade support towards products and services that align with the energy transition. Scotland has the opportunity to become a global leader in energy transition and can play a pivotal role in helping other countries decarbonise and begin their energy transition journey.

2. The Importance of Oil and Gas Sector for a Just Transition in Scotland

The oil and gas sector supports around 100,000 jobs in Scotland and has a vital role to play, in Scotland's energy security and resilience, now as well as into the future.

Crucially, the infrastructure, skills and expertise of the oil, gas and offshore sector are a huge asset, in helping us to achieve our target of net zero emissions by 2045 . We believe that the oil and gas sector will help Scotland become a world leader in emerging areas – such as hydrogen production and supply, carbon capture and storage, and offshore wind.

The oil and gas sector is already moving ahead on its just transition journey as evidenced by the reduction in greenhouse gas emissions across the UK from their 1990 levels. Scottish Government recognises the leadership shown by Scotland-based oil and gas and offshore sector businesses in that positive climate action. We understand that this energy transition is a process and we are committed to supporting projects across the decarbonisation spectrum. This policy is fully aligned with the letter and spirit of that commitment.

Scottish Government has, and will continue to work closely with the oil and gas sector to enable a safe, effective and just energy transition.

The [Scottish Government response to the Just Transition Commission](#), commits to producing guidance for businesses who wish to use the National Just Transition Planning Framework to develop their own Just Transition Plans. We will focus early efforts and engagement on that guidance, due in early 2022, on businesses impacted by this policy change.

Our Energy Strategy refresh will be the first Just Transition Plan and it will seek to provide the certainty and scale of ambition to drive investment and accelerate Scotland's energy transition.

This particular policy is part of that wider, planned approach to a just transition. This policy aims to enable an accelerated growth in renewable energy exports by refocusing Scottish Government trade support and promotion to ensure that it is promoting the energy transition within the international arena, and also showcasing the capability of Scotland's enterprise in the energy supply chain.

Scotland's ambition is to lead in the supply chain that delivers both energy security and optimal progress to net zero. We will ensure that Scotland becomes a leader in the global supply chain for sustainable and low carbon and energy transition technology.¹ We will do this in partnership with our industry stakeholders by making use of all that we do best: services, advanced manufacturing, innovation, finance, engineering and design.

3. Ensuring Consistency with Equivalent UK Government Policy

We received strong feedback from the industry on the importance of being aligned with the UK Government on the operationalisation of the policy. Furthermore, we understand that the majority of companies directly affected by this policy, work with and receive support from both the UK Government and the Scottish Government.

We took on board this feedback and are applying our policy in a way that is consistent with the UK Government on the practical scope of exemptions and their interpretation in order to avoid creating any unintended divergence or confusion.

From 31 March 2021 the [UK Government](#) changed the support they provide for the fossil fuel energy sector overseas. However, they provided a grace period for SMEs by extending the date until 31 March 2022. We have decided to align with this and will use the same date for application of this policy to SMEs with respect to overseas trade promotion support provided by Scottish Government and our Agencies.

At [section 5](#) of this document there is a link to the UK Government guidance which sets out what is exempt from the policy, guidance on how the policy will apply to specific areas and areas not covered by the policy.

4. Scottish Specific Context

As per industry feedback and our own analysis, the main support that the Scottish Government and its agencies provides to the sector comes in the form of advice, help to attend trade missions, international conferences, business networking, and inclusion in the Team Scotland Pavilion at significant events like Offshore Europe and Offshore Technology Conference.

¹ this is comparable with UKG definition of 'clean energy'

We recognise that for many in the enterprise sector, international trade is reliant on partners met through these events and therefore we will continue to offer this kind of support and aid businesses to unlock new business opportunities across the full decarbonisation spectrum as noted in the list of exemptions.

[Scottish Development International](#) (SDI) is the Trade and Inward Investment agency of the Scottish Government. Over the years they have assisted hundreds of companies to win business overseas, either through helping them to attend missions and exhibitions, providing market intelligence, making connections, or getting advice from our GlobalScots network.

SDI will continue to work with companies who operate in the oil and gas sector and markets, but the support they receive will be in line with the exemptions provided in the guidance to this policy.

It is not possible to include an exhaustive list of all the trade support and promotion activities provided by the Scottish Government and our Agencies in this document. Instead we have identified 4 broad support types, that will continue as detailed below

4.1 Overseas Network

Scotland's overseas network includes:

- i. Scottish Government overseas offices*
- ii. Scottish Development International (SDI) and VisitScotland presence in more than 30 locations in 19 countries*
- iii. In-market specialists*
- iv. Trade Envoys*

From 1 November 2021² the above cohort will refocus to offer support and promotion for low carbon and energy transition technology goods and services. This includes advice, guidance, introductions and event support.

Scotland's overseas network also includes:

- v. GlobalScot network*

The GlobalScot network is a group of senior business people who volunteer their time to support our companies export and attract investment to Scotland. GlobalScots, as volunteers, can exercise their discretion, as to whether they wish to provide personal support and advice to fossil fuel exporters. However, in line with our overall approach to trade support, from 1 November 2021 the Scottish Government and Agencies will no longer proactively seek GlobalScot support or organise GlobalScot branded activity for fossil fuel only exports. Instead we will use their networks and influence to further strengthen Scotland's position in the global energy transition space.

² Please note that the extension for SMEs until 31 March 2022 will continue to apply in this and other instances

4.2 Trade and Investment Visits

From 1 November 2021 the Scottish Government and its Agencies will refocus trade and export support, and promote low carbon and energy transition technology goods and services on inward and outward Trade and Investment missions.

4.3 Collective Events

From 1 November 2021 the Scottish Government and its Agencies will refocus to support and promote low carbon and energy transition technology goods and services at international conferences and events.

4.4 Specific Grant Funding

From 1 November 2021 the Scottish Government and its Agencies will refocus export and international trade support, and promote low carbon and energy transition technology goods and services via grant funding available for trade promotion and support.

This includes, but is not limited to our:

- International Trade Partnership (ITP), delivered by the Scottish Chambers of Commerce FM Challenge – Export Champions, International Scale Up and our International Recovery Programme delivered by Scottish Development International (SDI)

5. Technical Guidance

The exemptions detailed in the UK Government guidance (Part A) and the provision of support regarding trade support, promotion and diplomacy (Part B – part 1) detail the implementation of the announcement by the Scottish Government.

Link to [UK Government guidance](#)

6. Ongoing Support & Contact details

Scottish Government Trade Policy: tradepolicy@gov.scot

Scottish Government Just Transition Policy: ClimateChangeEngagement@gov.scot

Scottish Development International inbox: international@scotent.co.uk

Scottish Development International: [Business opportunities in Scotland's energy industries \(sdi.co.uk\)](https://www.sdi.co.uk)



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