

From: [REDACTED]

Sent: 11 April 2016 11:20

To: [REDACTED]; DG Strategy and External Affairs ; Director of Culture, Europe and External Affairs
Permanent Secretary; DG Enterprise, Environment & Innovation ; Communications First Minister; First
Minister;

Cc: [REDACTED]; Director of Financial Management;

Subject: Weekend Roundup - MoU - Summary of Media Reports

Dear all,

Please find below a summary of the weekend media's significant interest in the China MoU story. The story also continues to be picked up on social media by political parties and individuals.

Scotsman – Labour Vows Not to Uphold Scottish Government's Chinese Deals

<http://www.scotsman.com/news/labour-vows-not-to-uphold-scottish-government-s-chinese-deals-1-4095873>

[Published online Sunday]

Labour has vowed not to uphold a Scottish Government multibillion-pound investment agreement with two Chinese firms if it harms Scottish workers. The First Minister signed a "memorandum of understanding" (MoU) last month with SinoFortone and China Railway No 3 Engineering Group (CR3) which could be worth up to £10 billion. Now, Labour has said it will not go through with the deal if elected to government if it means Scottish workers are disadvantaged... Labour's public services spokeswoman, Jackie Baillie, said: *"A week after the Scottish Government was forced to disclose details of this deal further questions remain. It is unacceptable that the Scottish public still don't have all the details on this. We know that Nicola Sturgeon signed up to a secret deal worth potentially £10 billion with a Chinese company accused of alleged gross corruption. We know that the Scottish public was kept in the dark about the deal but millionaire SNP donor Brian Souter knew about it. We need more details from the Government on the implications of any deal, especially for Scottish jobs and Scottish industries like steel. A Labour Scottish government will not go through with this deal if it means signing up to use Chinese steel when our own steel industry is in crisis, and if it means workers in Scotland don't get the benefit. We won't sign up to a deal that sells Scotland short and creates more jobs in China than in Scotland."*

Scotsman – Brian Wilson: In Search of Cleaner Investment Cash

<http://www.scotsman.com/news/brian-wilson-in-search-of-cleaner-investment-cash-1-4095158#ixzz45VeCo7SI>

[Published online Friday, in Saturday paper]

The Scottish Government are great believers in publicity and equally firm resisters of news. To a depressing extent, they get away with it. That is what made the £10 billion Chinese deal, first alluded to outside China in this column last week, so curious. The first response to subsequent questions was to sneer that inquirers should put in a Freedom of Information request, which they would then spend months, maybe years, obstructing. It was only when this led to critical headlines that the document was published. All the big questions remain unanswered. Nicola Sturgeon's explanation of why no announcement was made is risible – that it was a Memorandum of Understanding without firm commitments. A specialism of the Nationalists has been to make huge "good news" announcements in advance of elections, which duly proved to be works of fiction. By comparison, this was real.

Sunday Times – Souter Revealed as Go-Between in Sturgeon's Chinese Deal

[Published in print]

Sunday Times – Watchdog Presses Sturgeon on China Deal

<http://www.thesundaytimes.co.uk/sto/news/article1686480.ece?shareToken=7be629a93228518afb578a2b422b95c3>

[Published online]

A global anti-corruption campaign group has heaped more pressure on Nicola Sturgeon for her controversial investment agreement with China, worth up to £10bn. Transparency International said the Scottish government should release full details of the memorandum of understanding that the first minister signed with a Chinese consortium on March 21 but did not publicise... Peter van Veen, UK director of Transparency International, said the Scottish government must explain why they chose the Chinese companies, adding: "Transparency needs to pervade all steps in Scottish public procurement. "A reputation for alleged bribery or corruption would indicate that a company does not play by the rules. Knowingly doing business with those that have such a poor reputation puts the public purse at risk." A spokesman for Souter said he "knows" SinoFortone and was the firm's "first port of call" when it decided to invest in Scotland. While he was not involved in the deal, he added: "He had the relationship with them before the Scottish government, and gave them a contact at the Scottish government." Scottish Tory chief whip John Lamont said: "There has been a drip, drip of revelations involving shadowy deals. These revelations add to the suspicion the SNP was trying to hide the extent of the proposals until after the election."

The Sunday Times (Business) – Sturgeon’s Lips Sealed on Chinese Whispers

<http://www.thetimes.co.uk/article/sturgeons-lips-sealed-on-chinese-whispers-zjqshs0c2>

[Published online and in print]

It has been a busy week for secrets and lies; well, all right, secrets and economies with the truth. We've seen covert shenanigans brought into the cold and unforgiving light of day, everything from the Panama papers and the prime minister's offshore trusts, to the Scottish government's dodgy dealings with China. And make no mistake, Nicola Sturgeon's decision to ink a deal with two state-backed Chinese companies — one of which (China Railway No 3 Engineering Group) is owned by China Railway Group, which has been accused of industrial-scale bribery — is dodgier than the proverbial nine-bob note.

Herald – Corruption Report Author "Surprised" at Scottish Government Deal With Blacklisted Chinese Firm

http://www.heraldscotland.com/news/14417171.Corruption_report_author_quot_surprised_quot_at_Scottish_Government_deal_with_blacklisted_Chinese_firm/?ref=mr&lp=18

[Published online Saturday]

The lead author of the report which warned of "gross corruption" at a Chinese business group now working with the SNP Government says he is "surprised" ministers are involved with it. Ola Mestad, former chairman of the Council of Ethics which advises on...

Herald – Sturgeon ‘Misled The Public’ Over £10bn China Trade Deal

http://www.heraldscotland.com/news/14416618.Sturgeon_misled_the_public_over_10bn_China_trade_deal/

[Published Saturday, updated version of Friday article to reflect comments]

Nicola Sturgeon is under pressure to release records of talks with two Chinese firms she signed an investment deal with after a company advisor contradicted her claim that no firm proposals were on the table. Opposition parties accused the First Minister of misleading the Scottish public after Sir Richard Heygate, the UK advisor to the firms, said specific examples of development opportunities had been presented to an “enthusiastic” SNP leader. Ms Sturgeon said on Wednesday “there are no actual proposals on the table at this stage” following the deal while the SNP described discussions as “at a very early stage”.

Kind Regards,
[REDACTED]

-----Original Message-----

From: john.mason@gov.scot
Sent: 10 April 2016 01:01
To: Graham.Dickson@gov.scot; [REDACTED]
Cc: [REDACTED]

Subject: Chinese MoU

[REDACTED]

Is there something you could give us generally on the position on corruption in major state corporations in China and steps being taken by Chinese Govt to deal with it as context for CRG issues?

Thanks

[REDACTED]

From: [REDACTED]

Sent: 11 April 2016 08:36

To: [REDACTED]

Cc: [REDACTED] Director of Culture, Europe and External Affairs;

Subject: RE: CHINESE MOU

[REDACTED]

Cc International/China team re suggested lines below.

I've asked UKTI and the embassy if they have any specific lines in terms of this issue on their engagement with CRC (given that they do deal with CRC regularly) but they don't. The broader challenge in terms of the potential for conflict in developing further cultural and commercial links is usually set in the context of human rights and country to country engagement and not focused on corruption or a specific SOE/Ministry.

I also asked my team to look at what the Chinese (PRC) government say in terms of their anti-graft policy. However given the distinct cultural and political context of the PRC I don't think that would be useful to you; e.g. much of the reporting on this would be in the Chinese media which is state [REDACT]

So while I don't have a specific line on the anti-graft issue I suppose the context is that CRC

is essentially a Ministry of the Chinese Government. With the Ministry of Rail being disbanded in 2013 and its duties handed over to the Ministry of Transport (safety and regulation), State Railways Administration (inspection) and China Railway Corporation (construction and management) any engagement with them is de-facto engagement with China.

While not wanting to distract or deflect it's worth noting that the UKG have an ongoing MoU (signed between the UK Dept for Transport DfT and the Chinese National Development & Reform Commission NDRC) which created a Rail working Group. The Chinese Government use this MoU to support a Chinese consortium in Hs2 plans and to explore greater opps in UK and EU. <https://www.gov.uk/government/news/uk-and-china-sign-memorandum-of-understanding-on-rail>

This year DfT will host that working group in UK and CRC, CREC, CRRC, etc will all be involved. The point being Scotland and the UK are two of many governments across the world who have MoUs, MoAs, co-operation agreements etc with CRC and other Chinese Ministries who may be under ongoing review and reform under the current antigraft campaign.

All that said if I was pushed for a line I would offer the following (albeit the 2nd line is more in the broader UK/China context than the Scotland/China context):

The Chinese Government have an ongoing and high-profile campaign to tackle corruption since 2012. This will be a key issue at the G20 (where the UKG will co-chair the working group on anti-corruption measures).

And then more broadly (NB: something quite similar is used in UKG lines to take):

A strong Scotland China relationship contributes to our prosperity; contributing to our economy, generating jobs and driving growth. There are areas where we have differences of opinion. This is normal in international relations. We are committed to engaging with China on these issues. A strong and mature relationship is one where no concern is off limits, but we talk about our differences frankly and with mutual respect.

Finally - if needed:

The Scottish Government has hosted and supported a number of delegations from China to share best practice in governance, policy making, legislation and public service, value & impact.

I'm sorry I know this isn't exactly what you asked for.

[REDACTED]

From: [REDACTED]

Sent: 11 April 2016 10:12

To: [REDACTED]

Cc: John.Mason@gov.scot; Communications First Minister; [REDACTED]

Subject: Chinese MoU - draft FM response to Willie Rennie

[REDACTED]

Willie Rennie wrote to FM on 5 April re the MOU – see below.

A draft reply is attached. [REDACTED]

All the info in the reply is already in the public domain in terms of lines we have given the press or direct statements by the FM.

Grateful for a steer on whether a response needs to go to FM to consider and, if so, comments on draft which will then put on headed paper etc.

Thanks

<< File: MOU - Draft letter for the First Minister to send to Mr Willie Rennie - 11 April.docx >>

From: [REDACTED]
Sent: 11 April 2016 10:20
To: [REDACTED]
Cc: [REDACTED] Communications First Minister;
Subject: RE: Chinese MoU - draft FM response to Willie Rennie

[REDACTED]

I've no comments on the content of the letter, but would want Cabinet Secretariat to offer their views that this is not a breach of pre-election guidance. I think we need to think carefully about this because this is a minister defending the conduct of a previous administration in public. I know this is consistent with press statements, but putting this in FM's name and on SG headed paper will change the emphasis.

I also think Perm Sec should be made aware.

I hope this is helpful

[REDACTED]

From: [REDACTED]
Sent: 11 April 2016 10:32
To: [REDACTED] Cabinet Secretariat inbox
Cc: [REDACTED] Communications First Minister;
Subject: RE: Chinese MoU - draft FM response to Willie Rennie

Thanks – I spoke with CabSecretariat about this last week and they wanted to see the letter before taking a decision – now copying them in.

<< File: MOU - Draft letter for the First Minister to send to Mr Willie Rennie - 11 April.docx >>

Agree re Perm Sec who I'll copy in once we have a view from CabSec
From: [REDACTED]

Sent: 11 April 2016 14:22
To: [REDACTED]; Cabinet Secretariat Inbox;
Cc: [REDACTED]; Mason JK (John); Communications First Minister;
Subject: RE: Chinese MoU - draft FM response to Willie Rennie

[REDACTED]

Thanks, I've tracked in a small number of edits from [REDACTED] .

<< File: MOU - Draft letter for the First Minister to send to Mr Willie Rennie - 11 April (2).docx >>
[REDACTED]

From: [REDACTED]
Sent: 11 April 2016 14:27
To: [REDACTED]; Cabinet Secretariat Inbox;
Cc: [REDACTED]; Mason JK (John); Communications First Minister; [REDACTED]
Subject: RE: Chinese MoU - draft FM response to Willie Rennie

Assume that means you're happy for this to issue if SPADs/FM decide to do so?

From: [REDACTED]
Sent: 11 April 2016 14:41
To: [REDACTED] Cabinet Secretariat inbox
Cc: [REDACTED]; Mason JK (John); Communications First Minister;
Subject: RE: Chinese MoU - draft FM response to Willie Rennie

Yes, thanks

[REDACTED]

From: [REDACTED]
Sent: Monday, April 11, 2016 03:23 PM
To: [REDACTED]
Cc: DG Strategy and External Affairs; DG Enterprise, Environment & Innovation; Cabinet Secretariat inbox; Communications First Minister; Permanent Secretary; First Minister; [REDACTED]
Subject: For response: Chinese MoU - Draft Response to 5 April Letter from Willie Rennie MSP to First Minister

[REDACTED]

Grateful for views/thoughts on the attached response to Willie Rennie's letter to First Minister re the Chinese MoU – both on words but also as to whether FM will wish to issue a response given that all the information in the draft is already in the public domain in terms of SG responses to the media and/or public statements by the First Minister.

Draft response and original correspondence attached below

<<MOU_ Draft letter for the First Minister to send to Mr Willie Rennie.docx>> <<e-mail from Willie Rennie to First Minister re Chinese MOU - 5 April 2016.docx>>

The draft has been agreed with [REDACTED] and Cabinet Secretariat who have advised that the letter as drafted can issue during the pre-election period. However, any changes to the letter and whether it issues from the Scottish Government would need to take account

of the pre-election guidance:

8. Where a candidate has asked for Ministers' views, a reply should be offered to the relevant Minister. You should draft such replies, whether for Private Office or Ministerial signature, with care to avoid political controversy, especially comment or criticism of the policies of other parties. All replies to correspondence from candidates should be copied to PS/First Minister. Any Special Advisers who remain in post during the election period should be involved in the normal way.

9. Ministers may decide to adapt draft replies prepared in this way to make political points. In all such cases, you can expect the Minister - and not the Private Office - to sign the letter. You should invite the Minister to consider whether the letter should issue in a Ministerial capacity on Scottish Government's letterhead, or whether it should be regarded as being written on behalf of their party. The guiding principle is whether the use of the Scottish Government's letterhead and of official resources would be a proper use of public funds for Ministerial - as opposed to party political - purposes. Where the Minister wishes to refer in the reply to a proposal newly announced in the governing party's manifesto, then the reply must be issued on behalf of the party.

Many thanks
[REDACTED]

From: [REDACTED]
Sent: Fri 15/04/2016 18:35
To: [REDACTED]
Cc: [REDACTED]
Subject: RE: China Mou

Hi [REDACTED]

Suggest it goes to FM as drafted, with a suggestion that she may wish to make it more political and if so can be passed to party/ spads for additions.

thanks

[REDACTED]

From: [REDACTED]
Sent: Sat 16/04/2016 08:30
To: First Minister
Cc: [REDACTED]; DG Strategy and External Affairs; DG Enterprise, Environment & Innovation; Permanent Secretary; Cabinet Secretariat inbox; Communications First Minister; Communications Duty Box; (Director of Culture, Europe and External Affairs);
Subject: Sensitive - Chinese MoU - Draft Response to 5 April Letter from Willie Rennie MSP to First Minister

PS/FM

Working from blackberry so with apologies for including the e-mail trail below, which [REDACTED] has now responded to, I'd be grateful if the First Minister could consider the attached draft response to Willie Rennie's letter of 5 April (also attached) re the Chinese MoU.

The First Minister will wish to consider:

1. Whether she wishes to formally respond at this point given that all the information in the draft is already in the public domain in terms of SG responses to the media and/or public statements by the

First Minister; and

2. That the draft response has been agreed with Cabinet Secretariat in terms of pre-election guidance and that should she wish to make it more political it would need to be passed to the party/spads for additions and to issue through that route.

I trust this is helpful.

[REDACTED]

From: [REDACTED] on behalf of First Minister
Sent: Sat 16/04/2016 09:10
To: [REDACTED]; First Minister
Cc: DG Strategy and External Affairs; DG Enterprise, Environment & Innovation; Permanent Secretary; Cabinet Secretariat inbox; Communications First Minister; Communications Duty Box; (Director of Culture, Europe and External Affairs); [REDACTED]
Subject: RE Sensitive - Chinese MoU - Draft Response to 5 April Letter from Willie Rennie MSP to First Minister

Many thanks for this [REDACTED]

I've passed on to FM and will let you know if I get anything back.

Best,
[REDACTED]

Rt Hon Nicola Sturgeon MSP
First Minister of Scotland

St Andrew's House, Regent Road, Edinburgh EH1 3DG
T: 0300 244 4000



Willie Rennie MSP
Scottish Parliament

XX April 2016

Thank you for your letter of 5 April regarding the Memorandum of Understanding (MoU) between the Scottish Government, SinoFortone Group and China Railway No. 3 Engineering

Group (CR3).

I welcome the opportunity to provide further information on the MoU and to respond to the specific point you raise about CR3.

As part of its Economic Strategy, the Scottish Government and its agencies have focused on attracting investment to Scotland. It is in that context that the MoU was signed as a way of putting some structure on future discussions with SinoFortone and CR3 to consider and explore opportunities for investment. It is not a binding legal agreement and does not involve any legal, contractual or funding obligation or commitment on behalf of the Scottish Government. The MoU is clear that should SinoFortone or CR3 ultimately invest in any projects then those projects must comply with Scottish domestic and European law.

Before the MoU was signed, Scottish Government officials assessed the credibility of the potential investors in terms of their existing UK activity, such as Sinofortone's MoU with London Group PLC on tourism projects; planned investment of £2bn to develop two biomass projects in Wales and planned investment of £100m in the London Paramount Entertainment Resort. However, as the MoU does not involve any legal, contractual or funding obligation or commitment on behalf of the Scottish Government, full due diligence was not necessary and was not undertaken. As I have already made publicly clear, I was not aware of the October 2014 report by the Norwegian Council of Ethics which recommended the exclusion of the China Railway Group Ltd (the parent company of China Railway Group No. 3) from investment by the Norwegian Government Pension Fund Global (the Norwegian Oil Fund) because of accusations of corruption.

I can assure you that should the MoU result in any projects then full due diligence will be undertaken at that stage.

I trust this is helpful.

From: [REDACTED] **On Behalf Of** ET Programme Hub
Sent: 13 May 2016 09:44
To: [REDACTED]
Cc: ET Programme Hub
Subject: PQ's - deadline - Thursday 19 May 2016

Hi [REDACTED]

Apologies for ruining your Friday!

We have just received a large number of PQ's asked by Willie Rennie regarding China Railway No.3 Engineering Group and SinoFortune.

If these aren't for you, grateful if you could let me know how these would sit with.

S5W-00001 Willie Rennie: To ask the Scottish Government whether it will place in the

Scottish Parliament Information Centre (SPICe) copies of (a) all correspondence and (b) the minutes of meetings that it had with representatives of China Railway No. 3 Engineering Group and SinoFortone (i) in advance of and (ii) after the signing of the memorandum of understanding on 21 March 2016.

S5W-00002 Willie Rennie: To ask the Scottish Government whether it will place in the Scottish Parliament Information Centre (SPICe) a copy of the memorandum of understanding with China Railway No.3 Engineering Group and SinoFortone, which was signed on 21 March 2016, and for what reason the Parliament was not informed about the agreement at the time.

S5W-00003 Willie Rennie: To ask the Scottish Government on what date (a) officials, (b) the First Minister and (c) other ministers became aware of the proposals by China Railway No.3 Engineering Group and SinoFortone to invest in Scotland.

S5W-00004 Willie Rennie: To ask the Scottish Government on what dates (a) officials, (b) the First Minister and (c) other ministers have held discussions with China Railway No. 3 Engineering Group and SinoFortone.

S5W-00005 Willie Rennie: To ask the Scottish Government how it first came into contact with representatives of China Railway No.3 Engineering Group and SinoFortone.

S5W-00006 Willie Rennie: To ask the Scottish Government for what reason the press release agreed between the Scottish Government and China Railway No.3 Engineering Group and SinoFortone regarding the memorandum of understanding signed on 21 March 2016 was published on the companies' English language website only, and who took the decision not to publish it on the Scottish Government's website.

S5W-00007 Willie Rennie: To ask the Scottish Government whether it considers it appropriate that the Chinese media was informed of the signing of the memorandum of understanding with China Railway No.3 Engineering Group and SinoFortone that was signed on 21 March 2016 but the Scottish media was not.

S5W-00008 Willie Rennie: To ask the Scottish Government whether it will place in the Scottish Parliament Information Centre (SPICe) a copy of all documentation relating to the agreement of a joint press release between the Scottish Government and China Railway No.3 Engineering Group and SinoFortone regarding the memorandum of understanding signed on 21 March 2016, which was published on the companies' English language website.

S5W-00009 Willie Rennie: To ask the Scottish Government with what foreign companies it has signed memorandums of understanding in each year since 2007-08; on what dates each was signed; how many led to the intended collaboration and financial investment, and whether each was announced on the Scottish Government's website.

S5W-00010 Willie Rennie: To ask the Scottish Government whether it will provide a breakdown of the £10 billion investment associated with the memorandum of understanding with China Railway No.3 Engineering Group and SinoFortone that was signed on 21 March 2016, and how this figure was arrived at.

S5W-00011 Willie Rennie: To ask the Scottish Government for what reason the Cabinet Secretary for Infrastructure, Investment and Cities said on *Scotland 2016* on 4 April 2016 that the Scottish Government, China Railway No.3 Engineering Group and SinoFortone were "not at the stage of discussing particular projects", and whether it considers that this was contradicted by Sir Richard Heygate in an interview on *Good Morning Scotland* on 8 April 2016.

S5W-00012 Willie Rennie: To ask the Scottish Government what projects it or China

Railway No.3 Engineering Group and SinoFortone have identified as opportunities for investment in (a) affordable housing, (b) communities, (c) clean energy, (d) industry and business parks, (e) transportation infrastructure and (f) any other areas.

S5W-00013 Willie Rennie: To ask the Scottish Government whether the First Minister expressed a preference that China Railway No.3 Engineering Group and SinoFortone invest in (a) affordable housing and (b) clean energy during discussions, as stated by Sir Richard Heygate on *Good Morning Scotland* on 8 April 2016, and whether she indicated that she would "like to get something moving this year" and, if so, on what date this occurred.

S5W-00014 Willie Rennie: To ask the Scottish Government what large railway project Sir Richard Heygate referred to during an interview on *Good Morning Scotland* on 8 April 2016.

S5W-00015 Willie Rennie: To ask the Scottish Government whether it has had discussions with (a) Edinburgh City Council, (b) Falkirk Council and (c) East Ayrshire Council regarding the possibility of China Railway No.3 Engineering Group and SinoFortone investing in 5,000 affordable homes across these areas.

S5W-00016 Willie Rennie: To ask the Scottish Government what representations it made on behalf of China Railway No.3 Engineering Group with regard to affordable housing in Falkirk in 2015.

S5W-00017 Willie Rennie: To ask the Scottish Government whether it considers that it would be appropriate for it to sign an agreement with China Railway No.3 Engineering Group and SinoFortone to build homes in Falkirk, following its signing of the memorandum of understanding on 21 March 2016, if Falkirk Council had already rejected such a proposal from these companies.

S5W-00018 Willie Rennie: To ask the Scottish Government what the (a) interest rate, (b) timescale and (c) financial return for the companies would be in relation to the £10 billion of investment planned by China Railway No.3 Engineering Group and SinoFortone in projects across Scotland in accordance with the memorandum of understanding signed with the Scottish Government on 21 March 2016.

S5W-00019 Willie Rennie: To ask the Scottish Government, further to its signing of the memorandum of understanding with China Railway No.3 Engineering Group and SinoFortone signed on 21 March 2016, how many hours of its officials' time has been spent on work associated with the signing of the memorandum and at what cost; what support it will provide to the companies and at what cost, and whether they will receive privileged access to information not already publicly available.

S5W-00020 Willie Rennie: To ask the Scottish Government what advice on China Railway No.3 Engineering Group and SinoFortone it sought from external stakeholders before signing the memorandum of understanding on 21 March 2016.

S5W-00021 Willie Rennie: To ask the Scottish Government what assessment it made of the human rights record of China Railway No.3 Engineering Group and SinoFortone before signing the memorandum of understanding on 21 March 2016.

S5W-00022 Willie Rennie: To ask the Scottish Government whether officials were aware before the memorandum of understanding was signed on 21 March 2016 that China Railway Group had been blacklisted for investment by the Norwegian Government Pension Fund Global, and whether it has subsequently contacted the Norwegian Government Pension Fund Global or considered its recommendations.

S5W-00023 Willie Rennie: To ask the Scottish Government whether it will suspend the memorandum of understanding with China Railway No.3 Engineering Group and

SinoFortone that was signed on 21 March 2016 until it has investigated allegations of human rights abuses and the risk of gross corruption.

S5W-00024 Willie Rennie: To ask the Scottish Government whether it carried out due diligence prior to signing a memorandum of understanding with China Railway No.3 Engineering Group and SinoFortone on 21 March 2016; what its position is on this matter, and whether it is standard procedure for the First Minister or other ministers and officials to sign agreements with companies for which the Scottish Government has not conducted background checks.

S5W-00025 Willie Rennie: To ask the Scottish Government what its due diligence of foreign companies involves.

S5W-00026 Willie Rennie: To ask the Scottish Government whether it considers it appropriate to enter into agreements with companies that have been allegedly implicated in human rights abuses or present a risk of gross corruption.

S5W-00027 Willie Rennie: To ask the Scottish Government what its position is on Amnesty International's allegation that one of China Railway Group's subsidiaries was involved in illegal forced evictions in the Democratic Republic of Congo and whether the Scottish Government will take this into consideration in deciding how to proceed following its signing a memorandum of understanding with China Railway No.3 Engineering Group and SinoFortone on 21 March 2016.

S5W-00028 Willie Rennie: To ask the Scottish Government what information China Railway No.3 Engineering Group and SinoFortone provided about their activities and those of their subsidiaries elsewhere in the world prior to the signing of the memorandum of understanding on 21 March 2016

The deadline for these PQ's is **noon Thursday 19 May**.

Happy to discuss.

Many thanks

[REDACTED]

From: [REDACTED]

Sent: 13 May 2016 11:19

To: [REDACTED]

Cc: [REDACTED]

Subject: URGENT - PQ's - deadline - Thursday 19 May 2016 - CHINESE MOU

Colleagues

We have received 28 PQs from Willie Rennie MSP relating the Chinese MOU the First Minister signed on 21 March, see below. PQS 26 and 27

S5W-00026 Willie Rennie: To ask the Scottish Government whether it considers it appropriate to enter into agreements with companies that have been allegedly implicated in

human rights abuses or present a risk of gross corruption.

S5W-00027 Willie Rennie: To ask the Scottish Government what its position is on Amnesty International's allegation that one of China Railway Group's subsidiaries was involved in illegal forced evictions in the Democratic Republic of Congo and whether the Scottish Government will take this into consideration in deciding how to proceed following its signing a memorandum of understanding with China Railway No.3 Engineering Group and SinoFortone on 21 March 2016.

I would be grateful if you could provide me with general key lines on human rights and specifically what we have said regarding China. I would be grateful if you could provide me with general key lines on human rights and specifically what we have said regarding China. [REDACTED] has given me some lines on this for MACCS cases associated with the MOU, see below, but if there is any further we can add or be more robust that would be helpful.

With regard to your comment on democracy and human rights – the Scottish Government condemns human rights abuses wherever they take place. We are committed to engaging with the Chinese Government on human rights, an issue critical to China's long term prosperity and social stability, as part of our overall engagement.

China has made considerable progress both in human rights and economically over the last 30 years, and it is in the interests of all of us for that progress to continue. The Scottish Government's approach is to ensure that economic growth, development, human rights and the rule of law are complementary and mutually reinforcing. Respect for human rights and the rule of law is one of the four guiding principles that we set out upfront in the Scottish Government's China Strategy and these underpin all of Scotland's dealings with China.

Happy to discuss.

[REDACTED]

From: [REDACTED]

Sent: 13 May 2016 11:49

To: [REDACTED]

Cc: [REDACTED]

Subject: RE: URGENT - PQ's - deadline - Thursday 19 May 2016 - CHINESE MOU

[REDACTED]]

Where allegations exist and are from a credible source, they should be assessed and the risks considered. The critical judgement to make is whether the companies concerned are genuinely and credibly committed to making improvements (and even better, whether they have realistic remedy mechanisms) or whether they are likely to continue to be involved in abuses. UNGP's provide the benchmark for acceptable corporate practice. If the latter, then we shouldn't be doing business. That, incidentally, applies universally and not just to Chinese companies. That principle of objectively and even-handedness is one that we might actually highlight in the response.

[REDACTED]

From: [REDACTED]

Sent: 16 May 2016 10:27

To: [REDACTED]

Cc: [REDACTED]

Subject: RE: URGENT - PQ's - deadline - Thursday 19 May 2016 - CHINESE MOU

Lines on the UN Guiding Principles on Business and Human Rights are as follows:

- In 2011 the Human Rights Council endorsed the UN Guiding Principles on Business and Human Rights (the UNGPs or 'Ruggie Principles'), which are based on the 'protect, respect and remedy' framework for government, businesses, public bodies and civil society to work together to eliminate human rights abuses. The UNGPs are structured around three pillars:
 - State duty to protect human rights;
 - Corporate responsibility to respect human rights;
 - Access to remedy for business-related human rights impacts.
- In 2013 the UK was the first country in the world to develop an action plan on implementing the UNGPs, and has since been followed by Denmark, the Netherlands, Finland, Lithuania and Sweden. Many other countries are in the process of developing action plans.
- Scotland's National Action Plan for Human Rights (SNAP) was launched in December 2013 as a roadmap for the progressive realisation of international human rights standards in Scotland. It contains a commitment to develop a coordinated plan of action in Scotland to give effect to the UNGPs, building on the UK's Action Plan.
- In line with internationally recognised best practice, the SNAP Better World Action Group (which includes, amongst others, the Scottish Government, Scottish Human Rights Commission, and Scottish Enterprise) has commissioned a national baseline assessment using a model developed by the Danish Institute for Human Rights and the International Corporate Accountability Roundtable. This will provide an evidence base to underpin the development of the action plan and identify areas in which government can provide appropriate support and guidance to enable businesses to fulfil their responsibilities.
- The SG believes it is essential that the business sector plays its part in preventing and remedying breaches of human rights around the world, for example by ensuring that the risk of becoming party to the abuse of rights elsewhere in the world is factored into the processes that inform decisions around sourcing products from suppliers overseas or in making new investments.

Please let me know if you would like anything additional or more specific on a particular aspect.

Thanks

[REDACTED]

From: [REDACTED]
Sent: 17 May 2016 15:48
To: Communications First Minister; zzzFirst Minister 2014 to 2016
Cc: Director of Culture, Tourism and External Affairs); [REDACTED]
Subject: FOR AWARENESS: CHINESE MOU - RELEASE OF INFO BY FALKIRK COUNCIL TO THE HERALD

PS/FM
FM Comms

You will wish to be aware that following an FoI request from Daniel Sanderson of The Herald, Falkirk Council have today provided him with a copy of the draft MoU (copy attached) proposed by China Railway Group No.3 (CR3) in October 2015 which the Council rejected. We understand that the reason for rejecting the proposed MoU was that some of what was being proposed would require procurement by the Council.

There is nothing in the MoU to substantiate the claims made in The Herald (Daniel Sanderson - 15 April) that "...Falkirk Council was approached by a representative of China Railway No 3 Engineering Group (CR3) with a proposal to build an affordable housing scheme. But the local authority rejected the bid amid concerns about using housing units pre-fabricated in China, reducing the amount of work that would be created for local tradesmen and businesses".

We have agreed with Comms colleagues that we will use existing lines for any media queries.

<< File: MOU.PDF >>

[REDACTED]

From: [REDACTED]
Sent: 19 May 2016 10:09
To: Communications First Minister; First Minister
Cc: [REDACTED] (Director of Culture, Tourism and External Affairs);
Subject: RE: FOR AWARENESS: CHINESE MOU - RELEASE OF INFO BY FALKIRK COUNCIL TO THE HERALD and follow up

To see the line that Falkirk Council provided late yesterday to the Herald following the release of the draft MoU that Falkirk did not take forward with China Railway No3 Group

“A Memorandum of Understanding (MoU) is a very general agreement of a common approach and goals between organisations.

What was put forward to us was a contractual document that sought specific agreements and therefore could not be accepted as a MoU.

There have been no further meetings since indicating that we could not progress with this in its present form with any representatives of the companies involved.”

MACCS 2016/0015613 (Withdrawn)

From: Roddy Gow OBE On Behalf Of Roddy Gow OBE
Sent: 18 May 2016 18:50
To: First Minister
Subject: A Letter from the Chairman

Dear Nicola ,

I am delighted to report that since the Asia Scotland Institute was launched at the Playfair Library in Spring 2012, we have reached over 4,500 professionals in Scotland through our monthly talks in Glasgow and Edinburgh. Our events have involved Global Leaders on Asian Affairs, such as Dominic Barton, Xavier Rolet, Alan Rosling, Sir Tony Brenton, Gerard Lyons, Lord Jim O'Neill, Lord Green and many others.

250, and now employing almost 200,000 people.

On Wednesday May 25, Dr. Tawfik Hamid will deliver an evening talk in Edinburgh, followed by a second event in Glasgow the following day. Dr. Hamid was radicalised in the JI (approximately thirty-five years ago), but had an awakening of his human conscience, recognized the threat of Radical Islam, and started to teach modern peaceful interpretations of classical Islamic core texts. Arriving from Washington DC, Hamid currently advises the US Government on issues of national security. Both events have limited availability however there are some remaining tickets which can be purchased using the links below:

Edinburgh:

<http://asiascot.us7.listmanage2.com/track/click?u=8682513c53a71f7bc51262877&id=918e291033&e=875813fea7>

Glasgow:

<http://asiascot.us7.listmanage.com/track/click?u=8682513c53a71f7bc51262877&id=2c7ed267bf&e=875813fea7>

Orville Schell, Asif Rangoonwala and Anson Chan will deliver a series of talks in Glasgow and Edinburgh throughout June. Visit our new website at <http://www.asiascot.com> to learn more and book tickets.

By booking tickets to our events you are supporting our mission to promote a greater understanding of Asia through the sharing of knowledge, bridging cultural differences and opening new pathways of opportunity for current and future generations.

I look forward to seeing you at an upcoming event.

Yours,

Roddy Gow OBE

Chairman & Founder, Asia Scotland Institute

From: [REDACTED]
Sent: 24 May 2016 14:01
To: [REDACTED]
Subject: World Bank blacklist

The World Bank holds a list of firms and individuals who are ineligible to be awarded a World Bank-financed contract for set periods because they have been sanctioned under the Bank's fraud and corruption policy as set forth in the Procurement Guidelines or the Consultant Guidelines. Such sanction was imposed as the result of:

(1) an administrative process conducted by the Bank that permitted the accused firms and individuals to respond to the allegations. Through July 2007, this process was conducted in accordance with the Sanctions Committee Procedures adopted on August 2, 2001. Since then, the process has been conducted in accordance with the Sanctions Procedures of the World Bank Group Sanctions Board.

OR

(2) cross-debarment in accordance with the Agreement for Mutual Enforcement of Debarment Decisions dated 9 April 2010, which, as of July 1, 2011, has been made effective by the World Bank, Asian Development Bank, European Bank for Reconstruction and Development, Inter-American Development Bank, and African Development Bank.

Neither China Railway Group nor any of its subsidiaries appear on the list.

[REDACTED]

From: [REDACTED]
Sent: 24 May 2016 17:34
To: First Minister; Cabinet Secretary for Economy, Jobs and Fair Work
Cc: Cabinet Secretary for Culture, Tourism and External Affairs; Minister for Business, Innovation and Energy; Permanent Secretary; DG Enterprise, Environment & Innovation; DG Strategy and Operations; (Director of Culture, Tourism and External Affairs); Cabinet Secretariat inbox; Communications Economy; Communications Economy; [REDACTED]
Subject: URGENT - ADVICE ON CHINA MoU PARLIAMENTARY QUESTIONS AND FoI REQUESTS

PS/First Minister
PS/Cabinet Secretary for Economy, Jobs and Fair Work

**MEMORANDUM OF UNDERSTANDING WITH CHINA RAILWAY NO. 3
ENGINEERING GROUP AND SINFORTONE:
PARLIAMENTARY QUESTIONS, FREEDOM OF INFORMATION REQUESTS
AND NEXT STEPS.**

I attach an URGENT 19 page submission and a separate attachment (70 pages)

with the information we propose to release in response to FoI request on the Chinese MoU.

The submission provides (i) draft responses to 28 written Parliamentary Questions from Willie Rennie MSP on the above; (ii) advice on the nine associated FoI requests; and (iii) advice on if and how to proceed with the memorandum from this point.

The PQs are due to be answered this **Thursday (26 May)** and, if possible, our aim is to release the FoI material, which is now overdue, on the same day.

[REDACTED]

First Minister
Cabinet Secretary for Economy, Jobs and Fair Work

24 May 2016

MEMORANDUM OF UNDERSTANDING WITH CHINA RAILWAY NO. 3 ENGINEERING GROUP AND SINOFORTONE - PARLIAMENTARY QUESTIONS, FREEDOM OF INFORMATION REQUESTS AND NEXT STEPS.

Purpose

1. To provide (i) draft responses to 28 written Parliamentary Questions from Willie Rennie MSP on the above; (ii) advice on the nine associated FoI requests; and (iii) advice on if and how to proceed with the memorandum from this point.

Timing

2. **Urgent:** The PQs are due to be answered this Thursday (26 May) and all the FoI requests are overdue. Following discussion with [REDACTED] and Communications colleagues, there are practical and communications benefits from responding to both on the same day if possible.

Background

3. The First Minister signed a Memorandum of Understanding (MoU) on behalf of the Scottish Government with SinoFortone and the China Railway No. 3 Engineering Group (CR3) on 21 March this year. The purpose of the MoU is to develop a relationship to explore investment opportunities and it does not involve any legal, contractual or funding obligations on behalf of the Scottish Government. Nonetheless, there has been significant media and political interest in the MoU, especially from Willie Rennie MSP.

4. A timeline of key events associated with the MoU is provided at Annex A (attached – page 4). Annex B (attached – page 5) outlines the key areas of focus of media and political interest.

Parliamentary Questions

5. Draft responses to the 28 written PQs asked by Willie Rennie MSP are attached at Annex C (pages 6 to 13). These take account of Mr Brown's comments on an earlier draft and

all except three (PQs 0004, 0015 and 0024 where there have been some subsequent changes) have been agreed with [REDACT] and Communications First Minister though there have been some last minute changes to

6. A number of the PQs ask that particular information is placed in SPICe. If we are in a position to release the FoI material on the same day as the PQs it will be lodged in SPICe as a response to these questions. If not, it is suggested that the response to these questions is – “This material is currently being considered under Freedom of Information. Any material that is released will be provided to the Scottish Parliament”.

FoI Requests

7. There are nine FoI requests, all overdue, from journalists and political researchers. Annex D (pages 14 to 17) outlines our approach to considering and responding to each of these requests. In broad terms, our recommended approach is to provide a single set of papers which puts all the material within the scope of the FoI requests into the public domain at the same time and to point individuals to the parts of that material which answer their specific questions. **The Cabinet Secretary and the First Minister will wish to particularly note the sensitivities highlighted on pages 14 to 17 of Annex D.**

8. The table at Annex D1 (pages 18-19) provides details of each FoI request.

9. Annex E (separate attachment) provides the proposed FoI release – 71 pages in total.

Next Steps on the MoU

10. Given the pre-election period and political and media interest over the last 4-6 weeks, there has been no discussion with CR3 or SinoFortone on taking forward the MoU. Willie Rennie MSP has been calling on the Scottish Government to ‘shred the MoU’ and whilst none of his PQs ask this directly PQ S5W-00023 does ask whether the Scottish Government will suspend the MoU until it has investigated allegations of human rights abuses and the risk of gross corruption.

11. [REDACTED]

12. Even if the MoU is terminated CR3 and SinoFortone will, of course, be free to enter in to agreements with third parties in Scotland.

Communications

13. We are working with Communications colleagues to ensure appropriate media handling following the responses to the PQs and the release of information in response to FoI requests. We will also inform relevant parties that we intend to release the FoI material.

Recommendations

14. The Cabinet Secretary and the First Minister are asked to:

(i) Agree the responses to the written PQs provided at Annex C;

(ii) Note the sensitivities associated with the proposed release of information set out at the end of Annex D and agree that the information provided separately at Annex E should be released in response to the various FoI requests on the issue; and

[REDACTED]

24 May 2016

Copy List:	For Action	For Comments	For Information		
			Portfolio Interest	Constit Interest	General Awareness
First Minister	X				
Cabinet Secretary for Economy, Jobs and Fair Work			X		
Cabinet Secretary for Culture, Tourism and External Affairs			X		
Minister for Business, Innovation and Energy			X		

Permanent Secretary DG Enterprise, Environment and Innovation DG Strategy and Operations Director, DED Director DCTEA Comms FM Cabinet Secretariat Comms Economy [REDACTED]

ANNEX A

MoU TIMELINE – KEY MEETINGS AND CORRESPONDENCE

DATE	ISSUE
June/July 2015	Initial approach from Roddy Gow to officials re SinoFortone and subsequently to First Minister’s office enquiring if it would be possible for the First Minister to meet SinoFortone during her trip to China at end July.
27 October 2015	Letter from Roddy Gow (Asia Scotland Institute) to First Minister (MACCS 2015/0037388) outlining potential Chinese investment into Scotland and possible role for Sinofortone (Reply sent 2 December 2015).
2 December 2016	Response from First Minister to Roddy Gow indicating FM “is interested in potential investment of this scale in Scotland and looks forward to hearing more about the interests of the two funding companies which Sir Richard Heygate is acting for”. Suggests “helpful to get a better understanding of the opportunity in advance of any meeting to allow us to accelerate the development of a long term relationship” Asks Roddy Gow to contact [REDACTED] (SG) to take forward with SG and SDI.
16 December 2015	Sinofortone meetings in Scotland arranged by SG (Falkirk Council and Loudoun Castle Developments) and Roddy Gow (Peatland Restoration).
6 January 2016	Letter from Roddy Gow to First Minister (MACCS 2015/0044052) regarding interest from SinoFortone to invest in Scotland following meetings on 16 December 2015 and asking FM to meet them (Reply sent 13 January 2016) .
13 January 2016	Response from FM to Roddy Gow indicating “delighted that Sir Richard Heygate and Peter Zhang have engaged in such a positive way with the initial project proposals which were presented on 16 Dec.” and “I understand that Sir Richard is keen to further understand Scotland’s political appetite for

	investment of this nature. We too would like to develop key messages around future engagement and communication strategy... officials will be in touch to secure a suitable time for us to meet to discuss”.
3 February 2016	Meetings between Sinofortone, SG, Falkirk Council and Loudon Castle Developments. Meeting between First Minister and SinoFortone (Scottish Parliament)
9 March 2016	Cabinet Secretary for Infrastructure, Investment and Cities attended dinner with Pinsent Masons where he met Sir Richard Heygate and Dr Peter Zhang
10 March 2016	SinoFortone have a series of meetings in Scotland, organised by SG, with financial institutions, Falkirk Council and Loudoun Castle and possible investment projects.
21 March 2016	Signing of MoU at 2 nd meeting between First Minister and Sir Richard Heygate and Dr Peter Zhang (representing SinoFortone and China Railway No. 3 Engineering Group).
21/22 March 2016	News release agreed between SG and SinoFortone issued by SinoFortone in China. SG decide not to issue.
2/3 April 2016	Extensive media coverage of MoU – SG Press lines issued and MoU put on SG website on 3 April.
8 April 2016	Sir Richard Heygate interview on Good Morning Scotland

ANNEX B

MOU: KEY AREAS OF FOCUS OF MEDIA AND POLITICAL INTEREST.

[REDACTED]

ANNEX C

Draft responses to written parliamentary Questions from Willie Rennie MSP – Agreed with [REDACTED] FM Comms and relevant policy teams

S5W-00001 Willie Rennie: To ask the Scottish Government whether it will place in the Scottish Parliament Information Centre (SPICe) copies of (a) all correspondence and (b) the minutes of meetings that it had with representatives of China Railway No. 3 Engineering Group and SinoFortone (i) in advance of and (ii) after the signing of the memorandum of understanding on 21 March 2016.

Depends on whether FoI material is released at same time

EITHER

Keith Brown: The information requested has been placed in SPICe.

Or

Keith Brown: This material is currently being considered under Freedom of Information. Any material that is released will be provided to the Scottish Parliament.

In respect of (ii), I refer the member to the answer to question S5W-00004

S5W-00002 Willie Rennie: To ask the Scottish Government whether it will place in the Scottish Parliament Information Centre (SPICe) a copy of the memorandum of understanding with China Railway No.3 Engineering Group and SinoFortone, which was signed on 21 March 2016, and for what reason the Parliament was not informed about the agreement at the time.

Keith Brown: The Memorandum of Understanding (MoU) is available on the Scottish Government's website (www.gov.scot/Resource/0049/00498660.pdf) and is available in SPICe. The MoU contains no commitments to investment and has no legal or contractual implications for the Scottish Government, as a result it was not considered necessary to inform the Scottish Parliament at that stage.

S5W-00003 Willie Rennie: To ask the Scottish Government on what date (a) officials, (b) the First Minister and (c) other ministers became aware of the proposals by China Railway No.3 Engineering Group and SinoFortone to invest in Scotland.

Keith Brown: I refer the member to the answer to question S5W-00004.

S5W-00004 Willie Rennie: To ask the Scottish Government on what dates (a) officials, (b) the First Minister and (c) other ministers have held discussions with China Railway No. 3 Engineering Group and SinoFortone.

Keith Brown: Officials became aware of SinoFortone's possible interest in investing in Scotland in June 2015 via the Chair of the Asia Scotland Institute.

The First Minister's office was contacted in July 2015 and in October 2015 regarding SinoFortone's interest in investing in Scotland.

Officials held discussions with Sir Richard Heygate and Dr Peter Zhang representing SinoFortone on 16 December 2015, 3 February 2016 and 10 March 2016.

The First Minister met with Sir Richard Heygate and Dr Peter Zhang representing SinoFortone on 3 February 2016

The Cabinet Secretary for Infrastructure and Investment, Keith Brown, was introduced to Sir Richard Heygate and Dr Peter Zhang on 9th March at an event on 'Chinese Invests West Infrastructure Investment' hosted by the legal firm Pinsent Masons.

Officials and the First Minister held discussions with Sir Richard Heygate and Dr Peter Zhang representing SinoFortone and China Railway No 3 Engineering Group's on 21 March 2016.

There have been no meetings with representatives of China Railway No. 3 Engineering Group and SinoFortone since the MoU was signed on 21 March 2016. Officials spoke with Sir Richard Heygate by phone on 8 and 9 April to clarify issues raised in the media.

S5W-00005 Willie Rennie: To ask the Scottish Government how it first came into contact with representatives of China Railway No.3 Engineering Group and SinoFortone.

Keith Brown: I refer the member to the answer to question S5W-00004

S5W-00006 Willie Rennie: To ask the Scottish Government for what reason the press release agreed between the Scottish Government and China Railway No.3 Engineering Group and SinoFortone regarding the memorandum of understanding signed on 21 March 2016 was published on the companies' English language website only, and who took the decision not to publish it on the Scottish Government's website.

Keith Brown: The Scottish Government took the decision to focus on publicising any investment arising from the memorandum if and when such investment was confirmed. Such investment will be publicised in the normal way.

It was for SinoFortone and the China Railway No.3 Engineering Group to decide how they publicised the Memorandum of Understanding.

S5W-00007 Willie Rennie: To ask the Scottish Government whether it considers it appropriate that the Chinese media was informed of the signing of the memorandum of understanding with China Railway No.3 Engineering Group and SinoFortone that was signed on 21 March 2016 but the Scottish media was not.

Keith Brown: I refer the member to the answer to question S5W-00006.

S5W-00008 Willie Rennie: To ask the Scottish Government whether it will place in the Scottish Parliament Information Centre (SPICe) a copy of all documentation relating to the agreement of a joint press release between the Scottish Government and China Railway No.3 Engineering Group and SinoFortone regarding the memorandum of understanding signed on 21 March 2016, which was published on the companies' English language website.

Depends on whether FoI material is released at same time

EITHER

Keith Brown: The information requested has been placed in SPICe.

OR

Keith Brown: This material is currently being considered under Freedom of Information. Any material that is released will be provided to the Scottish Parliament.

S5W-00009 Willie Rennie: To ask the Scottish Government with what foreign companies it has signed memorandums of understanding in each year since 2007-08; on what dates each was signed; how many led to the intended collaboration and financial investment, and whether each was announced on the Scottish Government's website.

Keith Brown: This information is not held centrally.

S5W-00010 Willie Rennie: To ask the Scottish Government whether it will provide a breakdown of the £10 billion investment associated with the memorandum of understanding with China Railway No.3 Engineering Group and SinoFortone that was signed on 21 March 2016, and how this figure was arrived at.

Keith Brown: I refer the member to the answer to question S5W-00012.

S5W-00011 Willie Rennie: To ask the Scottish Government for what reason the Cabinet Secretary for Infrastructure, Investment and Cities said on *Scotland 2016* on 4 April 2016 that the Scottish Government, China Railway No.3 Engineering Group and SinoFortone were "not at the stage of discussing particular projects", and whether it considers that this was contradicted by Sir Richard Heygate in an interview on *Good Morning Scotland* on 8 April 2016.

I refer the member to the answer to question S5W-00012.

S5W-00012 Willie Rennie: To ask the Scottish Government what projects it or China Railway No.3 Engineering Group and SinoFortone have identified as opportunities for investment in (a) affordable housing, (b) communities, (c) clean energy, (d) industry and business parks, (e) transportation infrastructure and (f) any other areas.

Keith Brown: The memorandum of understanding between the Scottish Government, China Railway No.3 Engineering Group and SinoFortone is focused on developing a working relationship to explore possible investment in Scotland.

At their meeting on 3 February 2016, SinoFortone expressed an interest in areas including affordable housing, energy and infrastructure, the First Minister noted SinoFortone's interest in these areas.

The Scottish Government has not identified any specific projects for potential investment.

Scottish Government officials introduced SinoFortone to Falkirk Council and Loudon Castle Developments to help them understand and explore potential investment opportunities. No projects have been confirmed for investment by SinoFortone or China Railway No.3 Engineering Group.

S5W-00013 Willie Rennie: To ask the Scottish Government whether the First Minister expressed a preference that China Railway No.3 Engineering Group and SinoFortone invest in (a) affordable housing and (b) clean energy during discussions, as stated by Sir Richard Heygate on *Good Morning Scotland* on 8 April 2016, and whether she indicated that she would "like to get something moving this year" and, if so, on what date this occurred.

Keith Brown: I refer the member to the answer to question S5W-00012.

S5W-00014 Willie Rennie: To ask the Scottish Government what large railway project Sir Richard Heygate referred to during an interview on *Good Morning Scotland* on 8 April 2016.

The Scottish Government does not know what large railway project was being referred to.

S5W-00015 Willie Rennie: To ask the Scottish Government whether it has had discussions with (a) Edinburgh City Council, (b) Falkirk Council and (c) East Ayrshire Council regarding the possibility of China Railway No.3 Engineering Group and SinoFortone investing in 5,000 affordable homes across these areas.

Keith Brown: The memorandum of understanding between the Scottish Government, China Railway No.3 Engineering Group and SinoFortone is focused on developing a working relationship to explore possible investment in Scotland. The Scottish Government has not had any discussions with Edinburgh City Council or East Ayrshire regarding Sinofortone.

The Scottish Government has made no representations to Falkirk Council regarding investment by China Railway No. 3 in affordable housing in Falkirk. Discussions took place involving the Scottish Government, Sinofortone and Falkirk Council where investment in affordable housing was discussed. [REDACTED]

S5W-00016 Willie Rennie: To ask the Scottish Government what representations it made on behalf of China Railway No.3 Engineering Group with regard to affordable housing in Falkirk in 2015.

Keith Brown: I refer the member to the answer to question S5W-00015.

S5W-00017 Willie Rennie: To ask the Scottish Government whether it considers that it would be appropriate for it to sign an agreement with China Railway No.3 Engineering Group and SinoFortone to build homes in Falkirk, following its signing of the memorandum of understanding on 21 March 2016, if Falkirk Council had already rejected such a proposal from these companies.

Keith Brown: I refer the member to the answer to question S5W-00015.

S5W-00018 Willie Rennie: To ask the Scottish Government what the (a) interest rate, (b) timescale and (c) financial return for the companies would be in relation to the £10 billion of investment planned by China Railway No.3 Engineering Group and SinoFortone in projects across Scotland in accordance with the memorandum of understanding signed with the Scottish Government on 21 March 2016.

Keith Brown: The memorandum of understanding between the Scottish Government, China Railway No.3 Engineering Group and SinoFortone is focused on developing a working relationship to explore possible investment in Scotland. There is no confirmed investment and no legal or contractual obligations, any discussions on interest rates, timescales or financial return would only take place in the event of confirmed investment and would take place between the partners in any investment.

S5W-00019 Willie Rennie: To ask the Scottish Government, further to its signing of the

memorandum of understanding with China Railway No.3 Engineering Group and SinoFortone signed on 21 March 2016, how many hours of its officials' time has been spent on work associated with the signing of the memorandum and at what cost; what support it will provide to the companies and at what cost, and whether they will receive privileged access to information not already publicly available.

Keith Brown: Information on the number of hours of officials' time spent on work associated with the memorandum of understanding and the associated cost is not recorded.

The Scottish Government's work with China Railway No.3 Engineering Group and SinoFortone is part of a much broader approach by the Government and its agencies to welcome and encourage investment which delivers benefits for Scotland. This involves working with a wide range of businesses and investors to, for example, help them understand the Scottish context; connect with potential partners; and to identify opportunities and possible funding.

S5W-00020 Willie Rennie: To ask the Scottish Government what advice on China Railway No.3 Engineering Group and SinoFortone it sought from external stakeholders before signing the memorandum of understanding on 21 March 2016.

Keith Brown: I refer the member to the answer to question S5W-00024.

S5W-00021 Willie Rennie: To ask the Scottish Government what assessment it made of the human rights record of China Railway No.3 Engineering Group and SinoFortone before signing the memorandum of understanding on 21 March 2016.

Keith Brown: I refer the member to the answer to question S5W-00026.

S5W-00022 Willie Rennie: To ask the Scottish Government whether officials were aware before the memorandum of understanding was signed on 21 March 2016 that China Railway Group had been blacklisted for investment by the Norwegian Government Pension Fund Global, and whether it has subsequently contacted the Norwegian Government Pension Fund Global or considered its recommendations.

Keith Brown: I refer the member to the answer to question S5W-00026.

S5W-00023 Willie Rennie: To ask the Scottish Government whether it will suspend the memorandum of understanding with that was signed on 21 March 2016 until it has investigated allegations of human rights abuses and the risk of gross corruption.

Keith Brown: I refer the member to the answer to question S5W-00026.

S5W-00024 Willie Rennie: To ask the Scottish Government whether it carried out due diligence prior to signing a memorandum of understanding with China Railway No.3 Engineering Group and SinoFortone on 21 March 2016; what its position is on this matter,

and whether it is standard procedure for the First Minister or other ministers and officials to sign agreements with companies for which the Scottish Government has not conducted background checks.

Keith Brown: Prior to signing the memorandum of understanding, Scottish Government officials sought advice from the Scottish Development International team in China and also assessed Sinofortone's credibility in terms of their existing UK activity.

As the Memorandum of Understanding does not involve any legal, contractual or funding obligations or commitments on behalf of the Scottish Government full due diligence was not undertaken.

Whenever the Scottish Government is seeking to award a contract in relation to construction or the purchase of goods or services, procurement legislation sets out the criteria that can be used to select which companies will be invited to submit a bid. Criteria include the company's suitability to pursue a professional activity, its economic and financial standing, and its technical and professional ability and include provisions in respect of when a bidder should be excluded from bidding because of, for example, conviction for corruption and/or child labour and other forms of trafficking in human beings.

S5W-00025 Willie Rennie: To ask the Scottish Government what its due diligence of foreign companies involves.

Keith Brown: I refer the member to the answer to question S5W-00024.

S5W-00026 Willie Rennie: To ask the Scottish Government whether it considers it appropriate to enter into agreements with companies that have been allegedly implicated in human rights abuses or present a risk of gross corruption.

Keith Brown: The Scottish Government condemns human rights abuses and corruption wherever it takes place.

I refer the member to the answer to question S5W-00024.

S5W-00027 Willie Rennie: To ask the Scottish Government what its position is on Amnesty International's allegation that one of China Railway Group's subsidiaries was involved in illegal forced evictions in the Democratic Republic of Congo and whether the Scottish Government will take this into consideration in deciding how to proceed following its signing a memorandum of understanding with China Railway No.3 Engineering Group and SinoFortone on 21 March 2016.

Keith Brown: As the Memorandum of Understanding does not involve any legal, contractual or funding obligations or commitments on behalf of the Scottish Government full due diligence was not undertaken prior to the signing of the memorandum. The Scottish Government was therefore not aware that the Council of Ethics for the Norwegian Government Pension Fund Global had recommended in 2014 that China Rail Group Ltd, the parent company of China Railway No.3 Engineering Group, be excluded from the investment universe of the Fund. Nor was it aware of Amnesty International's allegation that the Congo

International Mining Corporation , a subsidiary of China Railway Group, was involved in illegal forced evictions in the Democratic Republic of Congo

In the event of any specific investment proposals being confirmed or any proposals for legal or contractual agreements being brought forward both reports will be considered as part of the full due diligence that will take place.

S5W-00028 Willie Rennie: To ask the Scottish Government what information China Railway No.3 Engineering Group and SinoFortone provided about their activities and those of their subsidiaries elsewhere in the world prior to the signing of the memorandum of understanding on 21 March 2016

Keith Brown: I refer the member to the answer to question S5W-00024.

ANNEX D

FREEDOM OF INFORMATION (FoI) REQUESTS

1. We have received nine FoI requests for information relating to the MoU. Detail on these is provided at Annex D1 (page 19).
2. We have gathered all the relevant papers regarding the development and signing of the MoU. These are from the period October 2015 to April 2016 and have been categorised as follows:
 - Development of relationship with SinoFortone
 - Timeline in relation to the development of the MoU
 - Briefing for Ministers re engagement with SinoFortone
 - Discussions on joint news release and SG decision not to issue
 - Info relating to the release of the MoU and associated media queries on 2 and 3 April.

Exemptions and Public interest

3. We have consulted the Freedom of Information guidance and applied the public interest test to all nine cases and have:
 - (a) Withheld the legal advice received on the draft MoU by virtue of section 36(1) of the Freedom of Information (Scotland) Act 2002 as disclosure of the legal advice would breach legal professional privilege; and
 - (b) Withheld information which is commercially confidential by virtue of section 33(1)(b) of the Freedom of Information (Scotland) Act 2002
4. [REDACTED]
5. We have redacted the names of Scottish Government and SE/SDI officials from the papers and the e-mail addresses/contact numbers of others as per advice from the FOI Unit.

6. We have not applied any other exceptions to the papers as we believe the public interest test applies in all other cases.

Key Issues and Sensitivities

[REDACTED]

From: [REDACTED]

Sent: 25 May 2016 12:28

To: sirrichardheygate@[REDACTED]; peter.zhang@[REDACTED]

Cc: [REDACTED]

Subject: MOU WITH SINOFORTONE AND CR3 - Release of Freedom of Information Material to Media

Dear Sir Richard and Peter

I work with [REDACTED] who is unfortunately still on sick leave and is unlikely to be back for some weeks. You may remember we met briefly in Edinburgh in February and I subsequently spoke with you Peter at the start of April.

I am writing to make you aware that we have received a number of Freedom of Information requests relating to the MoU signed on 21 March and that the material relating to those requests is likely to be released to the media over the next few days, possibly as early as tomorrow. Among other things, the material contains e-mails between [REDACTED] and yourselves relating to the development of the MoU and various meetings in Scotland. I will send you a link to the material as and when it is released.

You should also be aware that we will be responding to 28 Parliamentary Questions from Willie Rennie MSP on the issue tomorrow. Again I will provide copies of that when it is available.

I have spoken with Roddy Gow on this too.

If you have any queries about the above please get in touch.

Regards

[REDACTED]

From: [REDACTED]

Sent: Thursday, May 26, 2016 06:16 PM

To: First Minister; Cabinet Secretary for Economy, Jobs and Fair Work; [REDACTED]

Cc: [REDACTED] Communications Duty Box; (Director of Culture, Tourism and External Affairs); DG Enterprise, Environment & Innovation

Subject: URGENT - CHINESE MOU - PQs AND FOIs - FULL PACK/EVERYTHING TOGETHER IN ONE PLACE

All

As most of you know, we issued holding replies to the 28 PQs from Willie Rennie MSP that were due to be answered today. They will now be answered next week and, subject to First Minister and the Cabinet Secretary's views, FoI material will also be released.

So that you have all of this in one place I attach below:

1. My **submission of 24 May** – this includes draft responses to the 28 PQs.
<<Subject: URGENT - ADVICE ON CHINA MoU PARLIAMENTARY QUESTIONS AND FoI REQUESTS>>
2. The final version of the material that we propose to release in response to the various FoI requests (77 pages) broadly themed as follows:
 - Pages 1 – 19: Development of relationship between SG and SinoFortone, including correspondence between First Minister and Roddy Gow
 - Pages 20 – 25: Drafting of MoU
 - Pages 25 – 46: Briefings for First Minister and Cabinet Secretary re meeting with SinoFortone
 - Pages 46 – 59: Comms and Press Release in run up to signing of MoU
 - Pages 58 -77: Press and media queries 2-3 April and 8-9 April<<FOI_ Master Copy for release without titles etc- as at 26 May 2016.docx>>
3. [REDACTED]
4. Copy of public statements made by First Minister re MoU
<<Media - FM MoU - Public Statements - Working Document.docx>>
5. Copy of media lines issued by SG and SDI to date
<<Media - MoU - Lines Issued to media - Rolling Update.docx>>
6. **DRAFT** FMQ Note
<<China MoU - FMQ Brief - 26 May 2016.docx>>
7. Copy of the MoU
www.gov.scot/Resource/0049/00498660.pdf
8. Transcript of Richard Heygate Interview on GMS (8 April) and Cabinet Secretary/Willie Rennie MSP on Scotland 2016
<<TRANSCRIPT - Scotland 2016 - Keith Brown - 04 April 2016.docx>>
<<RE: URGENT - GMS TRANSCRIPT>>
We have other factual briefing/summaries on SinoFortone and CR3 and the Norwegian Investment Fund and Amnesty International Reports if required
Hope this helps.
[REDACTED]

FM Comments on Chinese MoU

BBC website, April 5:

Nicola Sturgeon said: "There is no agreement from China Railway to invest in any projects in Scotland. What we have is a memorandum of understanding to explore opportunities.

"If there is in the future any proposal for an actual investment, then full due diligence would be done in the normal way by the Scottish government and it would be subject to the full scrutiny of the Scottish Parliament."

Guardian, April 6:

Nicola Sturgeon said: "What happened is we signed a memorandum of understanding to explore options for investment. If we get to the stage where there are any proposals for investment, then full due diligence will be done at that stage. That's how these things normally happen."

Pressed on whether she knew of the allegations against CRG at the time the MOU was signed, she said: "We don't do full due diligence until we get to the stage of actual proposals."

Asked again, she said: "I'm telling you we don't do full due diligence so, you know, I am not aware of that. But if we get to the stage where there are any actual proposals on the table, then we do full due diligence at that stage."

BBC website April 8:

Nicola Sturgeon said: "We discussed areas where we are going to explore whether there are specific projects but there are no actual agreements for investment in any particular project at this time. If there are specific proposals for investment coming forward, they will go through normal due process and due diligence."

Holyrood website – April 4

Nicola Sturgeon told them: "We have high hopes for Scotland's economy and it is in a strong position, but if we can drive further growth by looking beyond our shores and building relationships with firms across the world then we will seek to make that happen."

Press and Journal – April 9

The First Minister said: "That's the nature of the agreement we reached. It was an agreement to explore possible areas of investment, to look at particular sectors and particular projects. No actual investment has been agreed yet. And if there are proposals that come forward for actual investment in particular projects, that will go through due diligence and full scrutiny."

Daily Mail – April 9

Nicola Sturgeon said: "It was an agreement to explore possible areas of investment, to look at particular sectors and particular projects. No investment has been agreed yet."

30 April

"There is a memorandum of understanding to explore potential options for investment in Scotland. If there are any particular and specific deals that come forward then the Scottish Parliament would scrutinise those, the Scottish government would do proper due diligence, and if there were any concerns that said these were deals we should not do then we wouldn't do them. With every utterance they make about this, seemingly looking as if they are against exploring investment into Scotland, then I think the opposition parties raise more questions about themselves rather than about the Scottish government."

6 May

"What happens is we signed a memorandum of understanding to explore options for investment. If we get to the stage that there are any proposals for investment then full due diligence will be done at that stage. That's how these things normally happen. There are no actual proposals on the table at this stage. If that changes

then those proposals will go through the normal process."

Pressed on whether she knew of the allegations against CRG at the time the MOU was signed, she said:

- "We don't do full due diligence until we get to the stage of actual proposals."
- "I'm telling you we don't do full due diligence so, you know, I'm not aware of that but if we get to the stage there is any actual proposals on the table we do full due diligence at that stage."

"There is no agreement from China Railway to invest in any projects in Scotland. What we have is a memorandum of understanding to explore opportunities. If there is in the future any proposal for an actual investment, then full due diligence would be done in the normal way by the Scottish government and it would be subject to the full scrutiny of the Scottish Parliament."

8 May

Speaking at the reopening of the Dalzell steel plant the First Minister said "proper due diligence" will be completed before any investment.

Nicola Sturgeon said: "My job as First Minister is to secure investment in Scotland and to help create more jobs in Scotland. "I'm not going to apologise to anybody for that. Of course there has to be proper due diligence done but at the end of the day people should want a First Minister who takes the view their job is to get investment into Scotland." [Via STV]

Speaking in Drumchapel on Friday, Ms Sturgeon repeated that there were "no specific projects agreed". She told BBC Scotland: "We discussed areas where we are going to explore whether there are specific projects but there are no actual agreements for investment in any particular project at this time. If there are specific proposals for investment coming forward, they will go through normal due process and due diligence."

CHINESE MOU – LINES AND BACKGROUND INFO. FORMALLY ISSUED TO MEDIA

MEETINGS WITH FALKIRK COUNCIL RE HOUSING DEVELOPMENTS

Discussions between Falkirk Council and Sinofortone/CR3 , role of Scottish Government and questions re procurement rules and 'flat pack' houses from China (Daniel Sanderson – Herald 16/4/16)

SG Response: *"As we have said, the memorandum of understanding signed with SinoFortone relates to exploring investment opportunities in Scotland. No investment has been confirmed and no deals have been agreed.*

"The Scottish Government would not enter into any deal that broke procurement rules or disadvantaged the Scottish economy".

DUE DILIGENCE AND ACCUSATIONS OF CORRUPTION AGAINST CHINA RAIL GROUP

Various queries from various media outlets (5/4/16)

SG Response: *"Prior to the signing of the MoU, Scottish Government officials*

assessed the credibility of the potential investors in terms of their existing UK activity, such as SinoFortone's MoU with London Group PLC on tourism projects; planned investment of £2bn to develop two biomass projects in Wales and planned investment of £100m in the London Paramount Entertainment Resort

"As the MoU does not involve any legal, contractual or funding obligation or commitment, full due diligence was not necessary. If the MoU was to result in a specific investment agreement, due diligence would be taken forward in the normal way."

Clarity on name of companies who are signatories to MoU - document says SinoFortone (UK) Ltd - actual company name is SinoFortone Group Ltd (Tom Gordon - Herald 8/4/16)

SG Response: *"The MoU is with SinoFortone Group Ltd, whose registered office is in the UK".*

Norwegian Council on Ethics 2014 Report re accusations of corruptions against China Rail Group

Comments by Chair of Council in 2014 re MoU (Tom Gordon - Herald – 8/4/16)

SG Response: *"Prior to the signing of the MoU, Scottish Government officials assessed the credibility of the potential investors in terms of their existing UK activity, such as SinoFortone's MoU with London Group PLC on tourism projects; planned investment of £2bn to develop two biomass projects in Wales and planned investment of £100m in the London Paramount Entertainment Resort*

"As the MoU does not involve any legal, contractual or funding obligation or commitment, full due diligence was not necessary. If the MoU was to result in a specific investment agreement, due diligence would be taken forward in the normal way."

Comments from Transparency International re transparency of process (Michael Glackin - Sunday Times – 8/4/16)

SG Response: *The Memorandum of Understanding signed with SinoFortone relates to exploring investment opportunities in Scotland. No investment has been confirmed - any investment in any specific project would of course be confirmed publicly in the normal way.*

TIMELINE AND MEETINGS WITH FM AND OTHER MINISTERS

Follow up to Sir Richard Heygates's GMS interview 8 April 2016 which suggested meetings began over a year ago – when did meetings begin and why not recorded in FM's list of official engagements (Tom Gordon - Herald 8/4/16)

SG Response: *The First Minister met the signatories to the MoU twice. The first meeting was held in the Scottish Parliament on 3 February. The second was the signing of the MoU at Bute House on 21 March. Both of these meetings will be reflected in the list of published ministerial engagements in the normal way.*

[Background: Last summer, SDI had introductory discussions with representatives from SinoFortone and China Railway as part of their normal trade and investment activity in China. SinoFortone Group first made contact with officials in the Scottish Government in October 2015 and met officials in Scotland on 16 December. Following the meeting with the First Minister in February, Scottish Government officials met SinoFortone in Scotland on March 9 and March 10 ahead of the MoU signing on the 21 March]

Meetings with Ministers, including meeting highlighted in published engagement diary of Fergus Ewing with Chinese investors on 29 October (Tom Gordon - Herald 8/4/16)

SG Response: *The Cabinet Secretary for Infrastructure, Investment and Cities was introduced to SinoFortone representatives during an event at Pinsent Masons in Edinburgh on 9 March. No other Scottish Government ministers have met the signatories. The meeting between the Minister for Business Enterprise and Tourism was not related to the MoU and none of the parties involved in the MoU were present.*

LOUDOUN CASTLE

Call in of planning application for Loudoun Castle (mentioned in Sir Richard Heygate GMS interview) in December 2015 (Tom Gordon - Herald 8/4/16)

SG Response: *Scottish Ministers' decision to call in the Loudon Castle development was taken in view of the potential economic benefit of the proposal and the heritage issues related to the A listed building and its designed landscape. The decision to call in was unrelated to any discussions with signatories to the MoU. The Scottish Government considered that the application raised issues of national interest and therefore called it in in December 2015 to be considered by an independent reporter.*

The application is now with the Directorate for Planning and Environmental Appeals (DPEA) for examination by a reporter. The reporter will submit his recommendations to Scottish Ministers for their consideration and determination in due course.

OTHER

Contracts between SG and China Rail Group (ref to export of products to Scotland in CRG's Social Responsibility Report 2013) (Scotsman 5/4/16)

SG Response: *The Scottish Government has not entered into any deals with CRG for the importation of products.*

Steel – which infrastructure deals might require steel? and where would this steel come from (Scotsman- 5/4/16)

SG Response: *As we have previously said, no deals have been agreed.*

[Background: Here are the guidelines on procurement: The Scottish Government is committed to implementing measures that will address any barriers that prevent UK suppliers of steel from competing effectively for public sector contract as set out in Scottish Procurement Policy Note SPPN 3/2016.

MOU = PFI re earlier rejection of MoU with CR3 by Falkirk Council (Herald – 19 May)

SG Response: *A Scottish Government spokeswoman said: “The Memorandum of Understanding makes no legal or contractual commitments on behalf of the Scottish Government – and we are absolutely clear that any projects must comply with domestic and European law.*

“The MoU relates to exploring investment opportunities in Scotland. No investment has been confirmed – any proposed investment in any specific project would be considered on a case by case basis, would go through normal due process and due diligence, and be confirmed publicly in the normal way.”

SDI RESPONSES

VARIOUS TO SCOTTISH DAILY MAIL (5/4/16)

What role did SDI have in the MoU?

SDI wasn't involved in the signing of the MoU. Last summer we had introductory discussions with representatives from SinoFortune and China Railway as part of our normal trade and investment activity in China.

Did representatives from SDI meet representatives of SinoFortune Group or China Railway No 3 Engineering Group (or their parent companies) in advance or subsequent to the MoU being signed?

See above.

What dealings did SDI have with Sir Brian Souter, or Souter Investments, in relation to the MoU?

None.

What dealings did SDI have with the Chinese Govt in relation to the MoU?

None.

VARIOUS TO THE TIMES (5/4/16)

In general any background to SDI's involvement in the MoU:

SDI wasn't involved in the signing of the MoU. Last summer we had introductory discussions with representatives from SinoFortune and China Railway as part of our normal trade and investment activity in China.

Who invited Brian Soutar to be involved, when, why and whether any other prominent business people were asked:

We don't have any information on this.

SENSITIVE

CHINESE INVESTMENT – MEMORANDUM OF UNDERSTANDING SUMMARY

- On 21 March, an MoU was signed by the First Minister with representatives (Sir Richard Heygate and Dr Peter Zhang) of two Chinese companies - SinoFortune Group and China Railway Number 3 Engineering Group (CR3).

- The MoU relates to exploring investment opportunities in Scotland up to a potential value of £10bn. No specific investment or deals have been agreed.
- Significant political and media interest in the MoU has focused on:
 - **Accusations of secrecy by SG** in terms of why the MoU was publicised in China but not made public in Scotland until, following media coverage, 3 April.
 - Whether the MoU commits the SG to particular **projects or investments**, including the use of Chinese products, especially steel, and labour;
 - Whether SG undertook appropriate **due diligence** on the companies involved, especially given **accusations of corruption and human rights abuses against China Railway Group**, the parent company of CR3. In particular, *The Herald* reported the Norwegian Oil Fund's *Council on Ethics* 2014 recommendation to exclude China Railway Group from the Fund's investments because of 'an unacceptable risk of the company being responsible for gross corruption'; and a 2013 Amnesty International report accusing the Congo International Mining Corporation, another subsidiary of CRG, of forcibly evicting people from their homes in the Katanga region of the Democratic Republic of Congo;
 - The involvement of **Brian Souter** who was quoted in the press release accompanying the Chinese announcement of the MoU and whose spokesperson told the Sunday Times "he knows SinoFortone and was the firm's first port of call when it decided to invest in Scotland...While he was not involved in the deal he had the relationship with them before the Scottish government, and gave them a contact at the Scottish government."
- The Scottish Government has received **28 PQs** (from Willie Rennie MSP) and 9 **Freedom of Information** requests relating to the MoU, mainly from journalists (Chris Musson - The Sun; Andrew Learmonth - The National; Daniel Sanderson - The Herald; Paul Hutcheon The Sunday Herald). The FoI deadline for responding to some of those requests has passed and we have advised that the information requested will be provided shortly.

[REDACTED]

- All four opposition leaders have called for greater openness and transparency around the MoU and Willie Rennie has consistently called for the First Minister to "shred this deal".

[REDACTED]

Glenn Campbell Report (Including Sir Richard Heygate interview clips)
Chinese Investment in Scotland
GMS 08th April 2016
05m43s

Presenter

In an interview for this programme Sir Richard Heygate has also given details of some of the specific developments of SinoFortone and China Railway Number 3 engineering group want

to build. He has been speaking to our political correspondent Glenn Campbell who is with us now. Glenn, good morning to you.

Glenn Campbell
Good morning

Presenter
What do these companies want to do then?

Glenn Campbell
Well they want to invest a lot of money in Scottish [*break in connection*] to provide the cash to build stuff, to build it and then to be paid back with interest over time. They are still developing a full £10bn list of projects but when I spoke to Sir Richard Heygate who actually signed the Memorandum of Understanding with the First Minister Nicola Sturgeon last month he made clear that they do have some specific projects in mind.

Sir Richard Heygate
Yes we do. Well the most obvious one is affordable housing and we have already identified space in three areas of Scotland for 5,000 affordable homes, which we would like to tackle very quickly as a first initiative.

Glenn Campbell
So he is talking about affordable housing projects in Falkirk, in Edinburgh and in East Ayrshire at Loudoun Castle - together 5,000 homes worth about £500 million. He says they are also interested in building a biomass plant as part of that Loudoun Castle development worth an additional £300 million. He also says there is an unspecified large railway project.

Presenter
Glenn, what stage are the talks at with the Scottish Government?

Glenn Campbell
Well Sir Richard says they have been talking with the Scottish Government for a year, they signed the Memorandum of Understanding last month which both sides are keen to stress is not a legally binding document, it is an exploratory document, but Sir Richard regards the First Minister as an enthusiastic partner.

Sir Richard Heygate
She was just absolutely positive right from the start and we presented a number of particular projects, as I said, in affordable housing, clean energy, developing new industrial parts and infrastructure and she just went straight for the ones which are most important. She said that the two I want to focus on are affordable housing and clean energy and I want to push those and I want to get them moving, I don't want this to be another initiative that is just going to be talked about and take forever, I want to get something moving this year.

Glenn Campbell
And he stressed that the construction could actually begin within that one year time-frame.

Presenter
So Glenn, why is it all so controversial?

Glenn Campbell

Well the main reason is that the memorandum of understanding was signed quietly without any announcement from the Scottish Government and then details came out in the Chinese media, and then it emerged that Norway's pension fund had been advised by its ethics council to blacklist the China Railway Group which is a parent company of China Railway Number 3 Engineering Group, and the reason that it made that decision, gave that advice, was that the China Railway Group was being linked to bribery and corruption and I put that to Sir Richard Heygate.

Sir Richard Heygate

We could not be more squeaky clean in terms of backing from the very top of the Chinese state. So what, I've no idea actually what this thing refers to. What I am saying is that the companies that we are dealing with, you could not be more, you know, A star star star in terms of reliability, credibility and backing right up to the president level in China.

Glenn Campbell

Well, what the Norwegians identified was bribery and corruption...

Sir Richard Heygate

No idea, I don't, I have no idea. I don't know anything about it. all I know is that you don't deal with the largest state- owned construction company in China when there is a problem. China doesn't work like that. You know, you either are approved by the president or you kind of don't exist.

Glenn Campbell

He said he was hundred per cent convinced that any possible problems had been stamped out.

Presenter

And how does he respond to the political criticism?

Glenn Campbell

Well there has been criticism from Labour, the Conservatives and particularly the Liberal Democrats who yesterday said the memorandum of understanding should be 'torn up' until the Scottish Government has carried out further investigations into the two companies. The SNP, in government, say that due diligence would be done if any specific project was to be recommended for action. So I put that criticism to Sir Richard Heygate and this is what he said in response.

Sir Richard Heygate

To say we should check something up which is not a legal agreement, it sounds like, you know, it sounds like, you know, jealousy, political backbiting, you know, it's just crazy to me, don't understand it.

Glenn Campbell

Would that put off SinoFortone and China Railways from investing? That kind of backbiting?

Sir Richard Heygate

No way. Absolutely no way.

Glenn Campbell

He played down any suggestion that these developments could compromise the UK's steel industry. He said that was a non-link although he acknowledged that many UK construction companies already sourced material from China and he stressed that it would be Scottish and UK firms that would carry out the construction. These contracts, should they go ahead, would not involve shipping in workers from China.

Presenter

Glenn, many thanks.

[END]

Keith Brown/Willie Rennie

China Deal

Scotland 2016

05 April 16

06m13s

Interviewer

Keith Brown, on Monday March 21st I received nine emails from the Scottish Government ranging from children's rights to race equality, a £1.8 million investment in an Aberdeen oil firm, but nothing about a £10 billion trade deal agreement. Why was that?

Keith Brown

Well the last example you gave was £1.8 million of investment. There is no investment attached to this particular minute of agreement. This is just a minute of agreement to have further discussions, to facilitate those discussions. Of course it could potentially be very lucrative for Scotland, great in terms of jobs, communities and businesses but there is no project that's been announced at this stage and of course it was published, we've published both the MOU and separately we agreed with the Chinese partners that the press release agreed by both parties could be issued, which it was, on their English language website so this has been published, but as yet there are no projects for us to announce.

Interviewer

So, the people of China heard about this deal because it went through the Xinhua State News Agency and was published in the China Daily but nothing for the people of Scotland.

Keith Brown

Well that's not true, the company involved, they published it on their English language website. Now this company has investments right across the UK, they're well known to authorities and governments across the UK so this is a well-known company and they published it on their website and agreed the press release with the Scottish Government but I repeat once again, there were no projects at this stage for us to announce. If you look at Wales for example... five years of work before a major announcement on the projects which were recently announced in terms of Port Talbot.

Interviewer

But this is a government that's not backwards about coming forwards in terms of press releases and so on, I got nine in one day as I said. You said it was published on this

SinoFortone website but how many people are looking at that? Why were Scottish media not informed?

Keith Brown

Well, I've explained, first of all the minute of agreement has been published, but also, the fact that the press release, an agreed press release issued under agreed circumstance hardly chimes as some of the opposition calls it...this is some kind of secret deal, when it's been published on a public website in English language. But this about a First Minister going out, trying to attract money to Scotland. I would have thought that the other parties, which have criticised us both for announcing things which they don't think are substantial enough and now not announcing something for which there is no substance as yet in terms of a project. I think they've got this wrong and the First Minister trying to attract jobs to Scotland and investment is doing exactly the right thing.

Interviewer

Willie Rennie, what's wrong with a £10 billion deal for Scotland?

Willie Rennie

Well Andrew, I think your questions are very pertinent and I know that Keith is a very modest man, but the SNP are not. They like to brag at every opportunity they can about anything they do at all, so it doesn't really make sense. It's quite curious how they've not announced this, they would usually take every opportunity. But I want to get to the substance of this. I want to understand really what is the deal about? What are the terms? Is it just finance or are there operations involved too? And what checks have been done on these two companies? Have they got a good track record of working in this area and has Keith pursued this personally himself? I would like to know that.

Interviewer

Well, Keith Brown, and let's put that back to you, we've got the memorandum of understanding here. What is in it for China? What is the quid pro quo for China when it comes to these deals?

Keith Brown

Well first of all, I know that Willie completely failed to answer the question you put to him, why it was bad news for Scotland to have a £10 billion deal. But the minute of agreement announces there, it actually lays out the fact that any announcement, any project that's taken forward would have to be compliant both with Scottish law and with EU law. There is no quid pro quo given here. China invests around the world currently, they do so on a huge scale and there's no reason why Scotland shouldn't have some of that investment. Coming to Scotland, whether it's for affordable housing, whether it's for transport, that's not specified yet because we're not at that stage yet but it's got to be a good thing to be talking to people like this to try to get money into Scotland.

Willie Rennie

So Keith, my question specifically, very specific questions, is this about finance or is it about operations too? That's the first thing. But secondly, have you personally reviewed the performance of these two companies? Have they got a good track record? Do you know that before this agreement was signed?

Interviewer

Keith, okay Keith Brown, can you answer that? Is it finance, operations and have you reviewed the track record of these two companies SinoFortone and the China Railway No.3 Engineering Group?

Keith Brown

Well, once again, I note that Willie refuses to answer the question whether £10 billion of investment is good for Scotland, but of course it's about finance. That figure is in the minute of agreement, £10 billion. We're not at the stage of discussing, I've said this two or three times now. We're not at the stage, whether it's the different parties involved or the Scottish Government, of discussing particular projects. What we have said is, and what the Chinese have said is there is potentially a pot of £10 billion here. Now I would have thought that any responsible government, and certainly a First Minister interested in selling Scotland, would want to try and get access to that money for the public benefit of people in Scotland.

Interviewer

Willie Rennie, Mr Brown just pointed out that you need to answer this question. What is wrong with a £10 billion deal for Scotland, you need to answer that.

Willie Rennie

Well, on the right terms, it's a good thing. But I want to understand if these are the right terms and he's not answering my question yet again. Has he personally reviewed these two companies? Does he know whether they've got a good track record or not? Because I think that's fundamental to this agreement and his ability to answer that question so far actually concerns me. Has he personally reviewed? Have they got a good track record?

Interviewer

Well, Mr Brown if you'd like to answer that.

Keith Brown

Well, I'm pleased at last that Willie has recognised that it might be a good thing for Scotland, if we can get £10 billion of investment for jobs and our communities. In relation to the companies involved, of course they deal with governments around the UK already. The UK government is dealing with these companies, has done a deal with these companies. The Welsh government has also done a deal with the company concerned as well, or they're involved along-side the UK government, so they have a track record. But we're not at the stage of actually announcing a project here, of course there's further to go. It's got to be a good idea to have these discussions and for Scotland to attract foreign direct investment.

Interviewer

Finally, Mr Brown, is it not a little embarrassing that your SNP colleague, George Kerevan who's a MP, is writing in the National today, essentially criticising Chinese imperialism, it's a little bit awkward isn't it?

Keith Brown

Well what he was talking about of course were the massive investments which the UK government has asked for China to under-take and to strategic things like nuclear power stations in the UK. This is not on the table for Scotland.

Interviewer

Okay, Keith Brown, Willie Rennie, thank you both very much for joining me, thank you.

[END]

From: [REDACTED]
Sent: 1 June 2016 16:36
To: First Minister
Cc: Cabinet Secretary for Economy, Jobs and Fair Work; [REDACTED]
Communications First Minister; Communications Economy;
Subject: Line to clear - Herald - China/Amnesty International

PS/FM

Following Amnesty International's letter to the First Minister on the MoU (received on May 19), the Herald ask if we think Amnesty's concerns could scare off investment. Naomi McAuliffe's full quote is below.

I'd be grateful for the First Minister's comments/clearance on the line please, cleared with officials and spads.

A Scottish Government spokesman said: "We welcome and value Amnesty International's role and expertise in promoting and protecting human rights. As Amnesty points out, there is 'ample time to undertake due diligence' if specific projects involving the Scottish Government arise from the Memorandum of Understanding, including ensuring that there is no direct or indirect support for human rights abuses."

Naomi McAuliffe, Amnesty International's Scotland Programme Director, said:

"Business partnerships with China-based companies should give any government pause for careful consideration as the climate for human rights is one of the world's most inhospitable. China executes more of its citizens than the rest of the world combined; torture is widespread; freedom of expression is severely restricted; and there is a shocking lack of judicial accountability.

"The fact that grave reservations about potential investment opportunities for SinoFortone and China Railway No 3 Engineering Group [CR3] have been publically raised underlines how crucial it is that the Scottish Government should conduct thorough due diligence on any prospective partners with regard to human rights, bribery and corruption prior to discussing economic cooperation.

"In 77 pages of correspondence between the Scottish Government and facilitators of partnerships with these Chinese companies, there is a glaring omission – human rights are not mentioned once.

“CR3’s representative Sir Richard Heygate’s claims that the MOU’s Chinese signatories are ‘squeaky clean’ lack credibility and there are a number of issues that should be examined in depth.

“We understand that this Memorandum of Understanding is a statement of intent and not a fully formed commitment which gives the Scottish Government ample time to undertake due diligence and review whether these are suitable partnerships.

“However, we have written to the First Minister expressing our concerns as we believe she is committed to international rights obligations including the UN Guiding Principles on Business and Human Rights.

"Human rights must not be traded for the sake of economic gain."
END

Thanks
[REDACTED]

From: First Minister
Sent: 1 June 2016 @ 18.33
To: [REDACTED] First Minister [REDACTED]
Copy to: Cabinet Secretary for Economy, Jobs and Fair Work [REDACTED]
Communications First Minister [REDACTED] Communications Economy [REDACTED]

[REDACTED] FM has cleared.

Sent from my BlackBerry 10 smartphone.

MACCS 2016/0017619
From: [REDACTED]
Sent: 02 June 2016 17:23:46
To: Ministerial Correspondence Unit
Cc: [REDACTED]
Subject: FW: Invitation to Anson Chan Talk and Dinner
Attachments: AnsonChanDinnerInvitationForTheAttentionOfTheFirstMinister.pdf,
ASI.Programme.v4.18.pdf
MCU,
Grateful if this can be added to MACCS as a diary case for signature by [REDACTED]
Diary Team Manager.
Thanks
[REDACTED]
From: Roddy Gow [mailto: [REDACTED]]
Sent: 02 June 2016 15:52
To: First Minister
Cc: [REDACTED]

Subject: Invitation to Anson Chan Talk and Dinner

Dear Nicola,

Congratulations on your resounding result in the Elections.

I wanted to reconnect now that Parliament has reconvened and extend an invitation to you for our upcoming event with Anson Chan in Edinburgh details of which are attached. I also attach a copy of our forward programme which your team are aware of.

We have great plans to ensure that Scotland connects better with Asia as you know and I hope to be able to brief you on these in due course. I am currently in the US and meeting in Washington to develop leads for Speakers to invite to Scotland for our 2017 programme.

With best personal regards

Roddy Gow OBE
Chairman and Founder
The Asia Scotland Institute
Edinburgh Centre for Carbon Innovation
Old High School
Infirmary Street
Edinburgh EH1 1LZ



Asia Scotland Institute
Edinburgh Centre for Carbon Innovation (ECCI)
Old High School
Infirmary Street
Edinburgh EH1 1LZ
0131 651 4688

Dear First Minister Nicola Sturgeon,

I am writing to extend to you a special invitation on behalf of the Asia Scotland Institute to attend a private dinner with Anson Chan GCMG, CBE, GBM, JP, the former Chief Secretary of Hong Kong, known as “the most powerful woman in Asia” during her tenure. When Mrs Chan first began her career in public service, her salary was one quarter that of her male counterparts of the same grade. Beyond the remarkable story of her rise to these highest echelons of power, Mrs Chan offers unique insights into the politics and society of Hong Kong, and the dynamics of the region, particularly with regard to China.

The dinner will take place on **Wednesday June 22nd at 8.00pm for 8.15pm in The Dining Room at Walter Scott & Partners, 1 Charlotte Square, EH2 4DR.**

Prior to the dinner, at 17:30 Mrs Chan will deliver a talk on the subject of “Surviving Separation” based on her experience Hong Kong’s transfer to China following decades of British rule. The subject matter is timely, with the referendum on Britain’s possible separation from the EU taking place the following day. More information can be found on our website at www.asiascot.com.

I do hope that you can join us for the talk and reception as well as the dinner. There are limited spaces for the dinner, to confirm your attendance please write at your earliest convenience to Sam Wiszniewski at sam@asiascot.com.

With best personal regards,

Roddy Gow OBE

Chairman and Founder, Asia Scotland Institute

rodgy@asiascot.com | www.asiascot.com

MISSION & PURPOSE

The Asia Scotland Institute is committed to bringing the highest calibre of speakers to Scotland on a bi-monthly basis. By booking tickets to our events you are supporting our mission to transform the way Scotland engages with Asia, bridging cultural differences and opening new pathways of opportunity for current and future leaders.

HISTORY

The Asia Scotland Institute was launched by Roddy Gow OBE in May 2012, with the first event taking place at the Playfair Library at the University of Edinburgh. Since that day, the Asia Scotland Institute has run over 60 public events, reaching 4,000 individuals in business, politics, education and culture.

PHILOSOPHY

Our ultimate objective is for every person in Scotland to have direct access to the highest calibre of knowledge and insight on Asia. Through our established ties in business, politics and education, we are committed to supporting in every way possible any organisation which shares this objective.

DR. TAWFIK HAMID - CAN THE WEST DEFEAT RADICAL ISLAM?

Dr Tawfik Hamid, is an Islamic thinker and reformer, and one time Islamic extremist from Egypt. He was a member of a radical Islamic organization Jamaa Islameia JI (of Egypt) with Dr. Ayman Al-Zawaherri, who later became the second in command of Al-Qaeda. After being radicalized in the JI (approximately thirty-five years ago), he had an awakening of his human conscience, recognized the threat of Radical Islam, and started to teach modern peaceful interpretations of classical Islamic core texts. Hamid migrated to the West where he has lectured at UCLA, Stanford University, University of Miami and Georgetown University against Islamic fundamentalism. He currently serves on the Advisory Council of The Intelligence Summit, an annual conference on security and is author of international best-seller, "Inside Jihad". Hamid recently launched a Facebook page (in Arabic), titled "Modern Interpretation for the Quran", providing a peace-promoting commentary and understanding of the Quran. The page is "Liked" by over 2 million people. In this incredibly unique event, the Asia Scotland Institute will host an evening talk with Dr Hamid, followed by a Q&A to address the question of whether radical Islam can be defeated by the West, and if so – how.

RIISING CHINA: CAN THE PROCESS BE PEACEFUL? WHAT WILL THE IMPACT OF THE U.S. PRESIDENTIAL ELECTION BE?

Orville Schell is widely viewed as a leading expert on China. He currently is the Arthur Ross Director of the Centre on U.S.- China Relations at the Asia Society in New York. He is a former professor and Dean at the University of California, Berkeley Graduate School of Journalism. Schell Graduated Magna Cum Laude from Harvard University in Far Eastern History, was an exchange student at Taiwan University in the 1960s, and earned a PhD (Abd) in Chinese History at the University of California, Berkeley.

He worked for the Ford Foundation in Indonesia, covered the war in Indochina as a journalist, and has travelled widely in China since the mid-70s.

He is a Fellow at the Weatherhead East Asian Institute at Columbia University, a Senior Fellow at the Annenberg School of Communications at USC and a member of the council on Foreign Relations. Schell was a Fellow at Columbia University's Graduate School of Journalism and the recipient of many prizes and fellowships, including a Guggenheim Fellowship, the Overseas Press Club Award, and the Harvard-Stanford Shorenstein Prize in Asian Journalism.

Schell is the author of fifteen books, ten of them about China, and a contributor to numerous edited volumes. His most recent book is *Wealth and Power: China's long march to the Twenty-first Century*. He is also a contributor to such magazines as *The New Yorker*, *The New York Times Magazine*, *The China Quarterly*, and *The New York Review of books*, among others.

ASIF RANGOONWALA – SOCIAL ENTREPRENEUR

Asif Rangoonwala is a serial entrepreneur and property tycoon. After spending 25 years working for his father's merchant business, Asif was ready to go at it alone. In 1998 he took out a £2.4 million loan from Bank Albaraka to tackle inefficiencies in Britain's bun market, which Asif described as a cartel, wholly inefficient, ancient and incapable. Asif went on to invest in the P1 powerboat Grand Prix series, which, after replacing the management team in 2008, has since transformed into a global phenomenon. He now sits behind a property fund, focusing on student accommodation across the UK.

The Asia Scotland Institute welcomes this extraordinary entrepreneur to deliver a talk in Glasgow in which he will share his experience of building businesses from the ground up.

ANSON CHAN GCMG, CBE, GBM, JP – “THE METAMORPHOSIS OF ‘ONE COUNTRY, TWO SYSTEMS’ AND WHAT IT SAYS ABOUT CHINA”

ANSON CHAN retired as the Chief Secretary for Administration of the Hong Kong Special Administrative Region (HKSAR) Government in 2001, after nearly forty years of service. As Chief Secretary, she headed the 190,000-strong civil service. She was the first woman and the first Chinese person to hold the second-highest governmental position in Hong Kong. During her career in the public service she was responsible, amongst other things, for the development of Hong Kong's economic infrastructure including the planning and construction of Hong Kong's new international airport, which opened in July 1998, in addition to port expansion and deregulation of the telecommunications market.

SHAUKAT AZIZ – FIFTEENTH PRIME MINISTER OF PAKISTAN

Shaukat Aziz was born on 6th March 1949 in Karachi, Sindh, Pakistan. He is an economist and financier who served as the fifteenth Prime Minister of Pakistan from 20 August 2004 to 15 November 2007, as well as the Finance Minister of Pakistan from 6 November 1999 to 15 November 2007. He also served as Executive Vice President of Citibank between 1992 and 1999.

Aziz's macroeconomics policies oversaw political stability and economic progress in Pakistan, subsequently ending the "era of stagflation" in 2001.

Intensified privatisation and economic liberalisation programmes were personally initiated by Aziz, strengthening the country's economic base and leading to a growth rate of 6.4% per year. Inflation rates dropped to 3.5% in the last 3 years of his tenure, compared to 11% in the 1990's.

GERARD LYONS – SHOULD BRITAIN TAKE CHINA'S BILLIONS?

As former economic advisor to the Mayor of London and to the Board of Standard Chartered, Gerard Lyons is an expert on the world economy, global financial markets and on economic and regulatory policy, with immense expertise on international banking and investment. Lyons is a widely cited economic forecaster. During his time at DKB in the 1990s he became known as an accurate forecaster of the Japanese economy, and at Standard Chartered was viewed as one of the global experts on emerging economies. Gerard will speak at the Asia Scotland Institute in September, delivering talks in both Glasgow and Edinburgh, exploring the recent \$60bn deal that Britain made with China, and providing greater insight to people in Scotland of the opportunities and threats of Chinese investment.

N. R. NARAYANA MURTHY – INDIA'S \$42 BILLION-DOLLAR BUSINESS

N. R. Narayana Murthy is the co-founder of Infosys, a multinational corporation providing business consulting, technology, engineering, and outsourcing services companies across the world. Murthy founded Infosys in 1981 and served as CEO until 2002. He was Chairman of the Board from 2002 to 2006, after which he became Chairman of the Board and Chief Mentor. In August 2011, he retired

from the company, taking the title Chairman Emeritus. Today Infosys is capitalised at \$42 billion, serves 1,045 customers in 50 countries and employs almost 200,000 people.

Murthy has been listed among the 12 greatest entrepreneurs of our time by Fortune magazine and, due to his contribution to outsourcing in India, was described as Father of the Indian IT sector by Time magazine. The Asia Scotland Institute is delighted to welcome such a distinguished figure to Scotland. Murthy will tell the story of how he and his former colleagues founded and built one of the world's largest companies, from within India.

MACCS Case Number:	2016/0017619	Respond by: 20/06/2016 (NB. Event date – 22/06)	
Correspondent/Organisation:	Mr Roddy Gow OBE, Chairman and Founder of the Asia Scotland Institute		
Date and time of Event:	Wednesday 22 June 2016		
Location of Event:	The Dining Room, Walter Scott & Partners, 1 Charlotte Square, Edinburgh EH2 4DR		
Overview of invitation and audience profile:	<p>This is an invitation from Roddy Gow OBE, Chairman and Founder of the Asia Scotland Institute, to the First Minister to attend a public talk given by Anson Chan, the former Chief Secretary of Hong Kong (1997-2001), followed by a private dinner.</p> <p>Chief Secretary is the second highest ranking position in the Hong Kong Government, after the Chief Executive. Her public talk will focus on the politics and society of Hong Kong, concentrating on its handover to China after British rule.</p> <p>Both the First Minister and former First Minister have met with one of Ms Chan's successors, Carrie Lam, who is the current Chief Secretary of Hong Kong.</p>		
Has the Minister been asked to attend of behalf of FM?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Don't Know <input type="checkbox"/>
RECOMMENDATION:	<p>This needs to be definitive – Decline and offer to Deputy Director International Division</p> <p>Comments: While this would be an interesting engagement to undertake, there is no formal role offered to the First Minister and the 4+ hour duration of attending the public talk followed by dinner would not represent a good use of her time.</p> <p>However, it would be valuable to have senior Scottish Government representation at the dinner and talk, given Ms Chan's former position and influence and our commitment to Hong Kong as articulated in our China Strategy.</p> <p>It is therefore recommended offering this invitation to the</p>		

	Deputy Director of International Division, Ian Mitchell, who has offered to take forward this engagement on behalf of the First Minister. Any key outcomes from this engagement will be reported back to the First Minister's office by International Division officials.	
	If recommendation is to accept, has this advice been agreed with your Head of Division? Yes <input type="checkbox"/> No <input type="checkbox"/>	
Has another Minister been asked to attend:	If so, who and have they accepted?	
Main theme that the event supports:	Please provide an overview of SG policy that the event links to (High level and in bullet points)	
Main purpose of attending: <i>(Tick as many as apply)</i>	<ul style="list-style-type: none"> • Explain new policy or a major policy shift <input type="checkbox"/> • Reinforce or illustrate existing policy <input type="checkbox"/> • Improve relations with stakeholders <input type="checkbox"/> • Encourage participation in consultation <input type="checkbox"/> • Recognise contribution to policy implementation <input type="checkbox"/> • Announce funding <input type="checkbox"/> • Other (please specify): <input type="checkbox"/> 	
Main message to communicate:	Details of policy messaging and possible news line	
Most appropriate type of Ministerial input:	The role of the Minister at the event e.g. Keynote speaker, Q&A panellist	
Private Office view:	Diary should be checked as that may influence whether another Minister should be asked to take on**on**	
	Private Office contact:	Insert Name
Communications Office view:	Comments:	Comms should always provide a view on external events
	Communications Office contact:	Insert Name and Ext
Action Officer:	[REDACTED]	

Rt Hon Nicola Sturgeon MSP
First Minister of Scotland

St Andrew's House, Regent Road, Edinburgh EH1 3DG
T: 0300 244 4000



Mr Roddy Gow OBE

By email: roddy@asiascot.com

Our ref: 2016/0017619

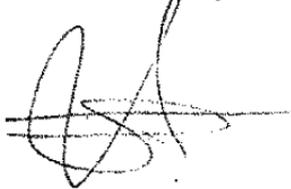
29/6 June 2016

Dear Mr Gow

Thank you for inviting the First Minister to attend a public talk by Ms Anson Chan followed by a private dinner in Edinburgh on 22 June. Please accept my apologies for the delay in responding.

Unfortunately, due to considerable diary pressures the First Minister was unable to attend on this occasion. She has asked that I pass on her best wishes.

Yours sincerely



RORY HEDDERLY
Diary Team Manager

From: [REDACTED]
Sent: 09 June 2016 14:40
To: [REDACTED]; Communications First Minister
Cc: [REDACTED]
Subject: FOLLOW UP FOI REQUESTS REGARDING CHINESE MOU

Colleagues

We have received 5 new FOI requests in relation to the Chinese MOU.

Daniel Sanderson, The Herald

Could you please provide copies of any advice received from the SDI team in China, which was received ahead of signing an MoU with China Railway No.3 Engineering Group and SinoFortone. The advice I am referring to is referenced in the PQ.

The PQ he is referring to is No 24 we answered last week, we gave the following answer "*Prior to signing the memorandum of understanding, Scottish Government officials sought advice from the Scottish Development International team in China and also assessed Sinofortone's credibility in terms of their existing UK activity.*" This information is contained within the documents we released last week. However, we redacted the email addresses of officials therefore it is not clear where this is. I have therefore drafted a letter enclosing the two emails which this refers to reinstating the domain names of the officials to make it easy to read.

<< File: FOI_ Request from Mr Daniel Sanderson, The Herald dated 8 June 2016 - draft reply..docx >>

[redacted], Researcher for Neil Finlay MSP

- Information pertaining to all recent meetings between the Scottish Government and **Penta Capital** in relation to the potential SinoFortone investment in Scotland. The information should include those in attendance, minutes of the meetings and any pre or post meeting briefing produced by the Scottish Government.
- Information pertaining to all recent meetings between the Scottish Government and **RBS** in relation to the potential SinoFortone investment in Scotland. This should those in attendance, minutes of the meetings and any pre or post meeting briefing produced by the Scottish Government.
- Information pertaining to all recent meetings between the Scottish Government and **Brian Souter and/or Souter Investments** in relation to the potential SinoFortone investment in Scotland. The information should include those in attendance of all meetings, minutes of the meetings and any pre or post meeting briefing produced by the Scottish Government.
- Information pertaining to all recent meetings between the Scottish Government and **SinoFortone** regards any future investment in Scotland. The information should include those in attendance, minutes of the meetings and any pre or post meeting briefing produced by the Scottish Government.

Regarding the **first 3 requests**, these meetings were attended by a Scottish Government official, they were not SG hosted meetings. We have limited information

on the meetings but what we do have is in the released information. We have made it clear in public that these meetings were between SinoFortone and the banks etc and not the Scottish Government.

Regarding **request number 4**. The meetings between the Scottish Government and SinoFortone are all contained within the released documents.

I have therefore been advised by the FOI Team on the wording of the reply and I attach a draft. This draft can be used for the first 3 requests but we will take out the paragraphs in relation to Section 17 of the Act as these meetings were not ours and information is contained within the released documents.

<< File: FOI_ Request from [REDACTED], Scottish Parliament.docx >>

I would welcome comments/ thoughts and happy to discuss.
Robert

From: [REDACTED]

Sent: 13 June 2016 11:57

To: [REDACTED] Communications First Minister;

Cc: [REDACTED]

Subject: RE: FOLLOW UP FOI REQUESTS REGARDING CHINESE MOU

Hi all

The letter to Dan Sanderson should make the point that the document is published...

Content with the [redacted] one

[REDACTED]

From: [REDACTED]

Sent: 14 June 2016 17:25

To: [REDACTED] Communications First Minister; [REDACTED]

Cc: [REDACTED]

Subject: RE: FOLLOW UP FOI REQUESTS REGARDING CHINESE MOU

[REDACTED]

I attach an FOI reply to Daniel Sanderson at The Herald. I have added in [REDACTED] comment about the material already available on the SG website. I would be grateful if you could send this to Daniel Sanderson. Can you advise me when you have then I can close the case.

[REDACTED]

As you are aware we also have 5 FOIs from [redacted], Researcher for Neil Findlay MSP, which relate to the MOU. We should be ready to answer these by the end of the week, we are not releasing any information as we do not have what he is asking for. However, I would welcome comments on the timing of releasing these.

[REDACTED]

<< File: FOI_ Request from Mr Daniel Sanderson, The Herald dated 8 June 2016.docx >>

From: [REDACTED]

Sent: Tuesday, June 14, 2016 06:11 PM

To: [REDACTED] Communications First Minister; [REDACTED]

Cc: [REDACTED]

Subject: RE: FOLLOW UP FOI REQUESTS REGARDING CHINESE MOU

Thanks

What's the deadline for [redacted]...we should make sure we do them in time. Happy to advise on best day within that [REDACTED]

From: [REDACTED]

Sent: 14 June 2016 18:31

To: [REDACTED]

Subject: Re: FOLLOW UP FOI REQUESTS REGARDING CHINESE MOU

[REDACTED]

From: Roddy Gow [mailto:[REDACTED]]

Sent: 18 June 2016 15:01

To: Roddy Gow

Cc: Jacob Sanderman

Subject: Briefing Breakfast for the Premier of Nova Scotia, Edinburgh Tuesday 28th June 2016

I have been asked to arrange and host a Breakfast Briefing with the Premier of Nova Scotia, The Hon Stephen McNeil. He is visiting Scotland and will be in Glasgow on 27th June and Edinburgh on 28th before leaving for Brussels.

Apart from the fact that his post Referendum views will be interesting, it is an opportunity for different aspects of Scotland to be shared with him. My plan is to hold this event at the New Club from 0800 to 0930 to ensure that those attending can depart in good time.

To give you background, his office have written:- "From the Nova Scotia side Premier McNeil will be joined by Ryan Grant, Deputy Chief of Staff, Kelliann Dean, Deputy Minister Nova Scotia Intergovernmental Affairs, Joyce Carter, President and CEO Halifax International Airport Authority, Michelle Saran, CEO, Tourism Nova Scotia and Marty Stevens Tourism Nova Scotia and myself. As noted in the agenda we have a focus of interest in tourism and air transportation. Additionally, the Premier will speak to the recently released NS-China engagement strategy -<http://novascotia.ca/china/>

As we discussed we would be interested is an exchange involving other business areas and possible trade partnerships". With apologies for the short notice of this e mail but I did feel that this was an opportunity to share an exchange with our "cousins" from Canada.

I would be grateful if you could let me know if you can attend or, alternatively, suggest someone in your place. Replies please to jacob@asiascot.com by June 24th.

With very best regards

Roddy Gow OBE
Chairman and Founder
The Asia Scotland Institute
Edinburgh Centre for Carbon Innovation
Old High School
Infirmary Street
Edinburgh EH1 1LZ

From: [REDACTED]
On Behalf Of firstminister [REDACTED]
Sent: 23 June 2016 16:50
To: Roddy Gow
Cc: Jacob [REDACTED]
Subject: RE: Briefing Breakfast for the Premier of Nova Scotia, Edinburgh Tuesday 28th June 2016

Hi Roddy,

Thank you for your kind invitation to the First Minister dated 18 June 2016. Due to considerable diary pressures on Monday 27 and Tuesday 28 June, the First Minister will be unable to meet with The Hon Stephen McNeil on this occasion. However, we are aware that Mr McNeil will be meeting with Fiona Hyslop, Cabinet Secretary for Culture, Tourism and External Affairs. The First Minister has asked me to pass on her best wishes for a successful meeting.

Kind regards
[REDACTED]

From: Roddy Gow [REDACTED]
Sent: 23 June 2016 17:45
To: First Minister
Subject: RE: Briefing Breakfast for the Premier of Nova Scotia, Edinburgh Tuesday 28th June 2016

Dear [REDACTED]

Many thanks for your e mail.

I would like to speak with you to arrange a follow up meeting with the First Minister concerning our introduction of the Chinese investors who were the subject of the MOU before the Election and next steps. This involves a potential visit by the Chinese Ambassador. Perhaps you could call me to discuss. Shaukat Aziz, former Prime Minister of Pakistan will also be a Speaker at the Asia Scotland Institute in September of which I wish the First Minister to be aware- see www.asiascot.com<<http://www.asiascot.com>> Regards

Roddy Gow OBE
Chairman and Founder, The Asia Scotland Institute
Edinburgh Centre for Carbon Innovation
Old High School , Infirmary Street
Edinburgh EH1 1LZ

From: [REDACTED]On Behalf Of First Minister
Sent: 19 July 2016 15:39
To: Ministerial Correspondence Unit
Subject: FW: Briefing Breakfast for the Premier of Nova Scotia, Edinburgh Tuesday 28th June 2016 ***IHM*** MCU,
Grateful if this can be added to MACCS as a diary case for signature by [REDACTED], Diary Team Manager. Grateful if this could be fast tracked.
Thanks
[REDACTED]

MACCS 2016/0023761
From: Ministerial Correspondence Unit
Sent: 20 July 2016 14:29:57
To: [REDACTED]
Subject: FW: Briefing Breakfast for the Premier of Nova Scotia, Edinburgh Tuesday 28th June 2016 ***IHM***
Regards
[REDACTED]Ministerial Correspondence Unit GR, Saint Andrew's House

PS Minute for case: [REDACTED]

1. This is a request from Roddy Gow OBE, Chairman and Founder of the Asia Scotland Institute, directed to [REDACTED] seeking to arrange a meeting with the First Minister to discuss the recent MOU with Chinese investors and a potential visit to Scotland by the Chinese Ambassador.
2. Mr Gow refers to an Asia Scotland Institute event, held on 15 September where Shaukat Aziz, former Prime Minister of Pakistan was the guest speaker.
3. Mr Gow also wrote to [REDACTED] on 12 July (MACCS [REDACTED]) requesting an opportunity to provide an update on the Chinese investment in Scotland, and provided a copy of an article he had written that was published in the Scotsman on 11 July.
4. [REDACTED] met with Mr Gow on Friday 29 July to discuss the issues raised in both emails. In addition, Mr Gow also met with the Cabinet Secretary for Economy, Jobs and Fair Work Brown on 8 September.
5. Mr Gow's most recent correspondence to the First Minister was an email on 27 October where he shared an article on the scale of potential Chinese investment to the UK.

[REDACTED]

Rt Hon Nicola Sturgeon MSP
First Minister of Scotland

St Andrew's House, Regent Road, Edinburgh EH1 3DG
T: 0300 244 4000



Mr Roddy Gow
The Asia Scotland Institute
rodgy@asiascot.com

Our ref: 2016/0023761
11 November 2016

Dear Mr Gow

Thank you for your email dated 19 July requesting a meeting with the First Minister to discuss Chinese investors and a potential visit by the Chinese Ambassador. You also wrote on 12 July (reference number 2016/0023436) seeking an opportunity to provide an update on Chinese investment in Scotland and again on 27 October when you shared an article on the scale of the Chinese investment opportunity. This response addresses all three requests. I apologise for the delay in replying to those letters.

You will appreciate that the First Minister's diary is extremely busy and she was therefore not able to meet with you. I understand though that you did meet with the Cabinet Secretary for Economy, Jobs and Fair Work, Keith Brown MSP, on 8 September along with [REDACTED]. I trust that you found this a helpful and positive meeting.

I understand that following that meeting you have had further discussions with [REDACTED] and, through him, Scottish Enterprise and the Scottish Cities Alliance, about how we might best work together to attract potential Chinese investment to Scotland as part of our wider efforts to bring forward investable projects of scale and engage more systematically with potential investors.

I encourage you to continue this engagement and can assure you that we are committed to attracting investment to Scotland.

Yours sincerely

[REDACTED]
Diary Team Manager

From: [REDACTED]
Sent: 04 July 2016 11:01
To: Cabinet Secretary for Economy, Jobs and Fair Work; First Minister
Cc: [REDACTED]
Subject: SUBMISSION: NEXT STEPS ON MOU WITH SINFORTONE AND CHINA RAILWAY GROUP NO. 3

PS/First Minister
PS/Cabinet Secretary for Economy, Jobs and Fair Work

NEXT STEPS ON MOU WITH SINFORTONE AND CHINA RAILWAY GROUP NO. 3 (CR3)

1. [[REDACTED]]
2. The media and political interest in the MoU appears to have subsided though there is still an outstanding FoI request from Neil Findlay MSP's researcher (see my advice of 1 July) and an FoI appeal from the BBC relating to advice from the Lord Advocate.

[REDACTED]

From: Roddy Gow [REDACTED]
Sent: 12 July 2016 18:40
To: [REDACTED]
Cc: [REDACTED]
Subject: Request for Meeting with the First Minister re Way Forward on China

Dear [REDACTED]

Many thanks for your help on the matter of the Diwali Festival.

As I mentioned when we spoke I am also anxious to ensure that we do not drop the ball on the potential Chinese investment in Scotland. Whilst Sir Richard Heygate, whom the First Minister met earlier this year, is continuing discussions with [REDACTED] next week, I would appreciate the chance to give an update. This is particularly important to allay an impression gained by some Chinese that the subject is viewed as a lesser priority – hardly surprising in the post-Brexit world but nevertheless of great economic importance to Scotland. I gather that you will ensure that [REDACTED] successor, is made aware of this and possibly also [REDACTED] You may also find my attached article of interest. It is due to appear in the Scotsman next Tuesday, July 19th, so is embargoed for now but feel free to share it on a limited basis.

Roddy Gow OBE
Chairman and Founder
The Asia Scotland Institute

From: First Minister
Sent: July 13, 2016 04:49 PM
To: [REDACTED]
Cc: [REDACTED] First Minister; Communications First Minister
Subject: Request for Meeting with the First Minister re Way Forward on China - email from Roddy Gow - for advice

Hi [REDACTED]

Please see email below from Roddy Gow requesting a meeting. I'd be very grateful for some advice that we can offer the First Minister.

Many Thanks
[REDACTED]

From: [REDACTED]
Sent: 14 July 2016 08:09
To: First Minister
Cc: [REDACTED] Communications First Minister; Cabinet Secretary for Economy, Jobs and Fair Work; [REDACTED]
Subject: Re: Request for Meeting with the First Minister re Way Forward on China - email from Roddy Gow - for advice

[REDACTED]

We'll draft a response for FM but will not be recommending a meeting.

[REDACTED]

From: [REDACTED]
Sent: 14 July 2016 @ 09.36

To: First Minister [REDACTED]
Copy: [REDACTED] Communications First Minister [REDACTED] Cabinet Secretary for Economy, Jobs and Fair Work; [REDACTED]
Subject: RE: Request for Meeting with the First Minister re Way Forward on China - email from Roddy Gow - for advice

[REDACTED]

Can you put Roddy Gow e-mail on MACCs and assign to [REDACTED] plse

PS Minute for case: [REDACTED]

1. This is a request from Roddy Gow OBE, Chairman and Founder of the Asia Scotland Institute, directed to [REDACTED] requesting an opportunity to provide an update

on the Chinese investment in Scotland, and provided a copy of an article he had written that was published in the Scotsman on 11 July.

2. Mr Gow also wrote to [REDACTED] on 19 July (MACCS [REDACTED]) seeking to arrange a meeting with the First Minister to discuss the recent MOU with Chinese investors and a potential visit to Scotland by the Chinese Ambassador. A reply to that request that takes into account the issues raised in this correspondence has been prepared and sent to PO for authorisation on 26 July.

3. [REDACTED] has arranged a meeting with Mr Gow on Friday 29 July to discuss the issues raised in both emails.

[REDACTED]

Rt Hon Nicola Sturgeon MSP
First Minister of Scotland



Scottish Government
Riaghaltas na h-Alba
gov.scot

St Andrew's House, Regent Road, Edinburgh EH1
3DG
T: 0300 244 4000

Mr Roddy Gow
Asia Scotland Institute
Old High School
Infirmary Street
EDINBURGH
EH1 1LZ

Our ref: 2016/0023436
10 November 2016

The reply to this MR appears on MACCS case [REDACTED] Once the substantive reply has issued, please forward the case to MCU for scanning.

From: [REDACTED] **On Behalf Of** Cabinet Secretary for Economy, Jobs and Fair Work
Sent: 15 July 2016 13:47
To [REDACTED] Cabinet Secretary for Economy, Jobs and Fair Work; First Minister
Cc [REDACTED] Communications Economy; Communications First Minister;
Subject: RE: SUBMISSION: NEXT STEPS ON MOU WITH SINOFORTONE AND CHINA RAILWAY GROUP NO. 3

[REDACTED]

Thanks for this.

Mr Brown has asked if we've undertaken any due diligence with regard the claims of corruption?

[REDACTED]

From: [REDACTED]

Sent: 20 July 2016 @ 14.32

To: Cabinet Secretary for Economy, Jobs and Fair Work; First Minister [REDACTED]

Copy: Communications Economy; Communications First Minister: [REDACTED]

Subject: SENSITIVE - SUBMISSION: NEXT STEPS ON MOU WITH SINFORTONE AND CHINA RAILWAY GROUP NO. 3

[REDACTED]

Outlined below actions to date and findings re due diligence:

- E-mail correspondence with the Norwegian Finance Ministry and Investment Fund confirms that, following the Norwegian Ethics Council's Dec. 2014 report which flagged concerns about gross corruption by China Railway Group (CRG) the Norwegian Global Investment Fund divested itself of investments in CRG. However, the Ethics Council report is solely about CRG – the parent company of CR3. There is no reference to CR3 itself. It is also worth noting whilst the Investment Fund still has no investments in CRG, post 2014 changes to the way the Fund is managed mean that CRG is not actually identified on the Fund's website as being formally excluded from its investments. In fact, the only company identified as being excluded because of corruption is ZTE Corporation whilst Walmart Stores Inc are excluded because of serious violations of human rights.
- We have no reason to doubt Amnesty International's 2013 report which highlighted human rights abuses by the Congo International Mining Corporation (one of 46 subsidiaries of China Railway Group) in the Congo. Again, there is no mention of CR3 in this.
- We have examined the World Bank's list of firms and individuals who are ineligible to be awarded a World Bank-financed contract for set periods because they have been sanctioned under the Bank's fraud and corruption policy either as a result of specific examination by the bank or because other development banks (Asian Development Bank, European Bank for Reconstruction and Development, Inter-American Development Bank, and African Development Bank) have sanctioned them. Neither China Railway Group or any of its subsidiaries, including CR3, appear on the list. Sinofortone is not on the list.
- We have spoken with officials in the Welsh Government who, whilst having no direct relationship with Sinofortone, have been keeping a watching brief

following the announcement of Sinofortone's potential investment in two biomass plants in Wales. They noted that the announcements were timed to coincide with President Xi's state visit but were not in fact formally part of the programme or endorsed by the Chinese or UK Governments and also that there had been some concerns about investment being conditional on the use of Chinese materials. They also indicated that it was uncertain whether one of the investments would proceed though they did not think that was due to Sinofortone. That said, they could not point to anything specific which raised concerns about Sinofortone.

- We have asked Scottish Development International to undertake some more detailed checks on both CR3 and Sinofortone.

I trust this is helpful

[REDACTED]

From: [REDACTED]
Sent: 29 July 2016 15:24
To: [REDACTED]
Cc: [REDACTED]
Subject: CHINESE MOU - MORE PQs FROM WILLIE RENNIE - for response

[REDACTED]

Grateful for your views/comments on our draft responses to the 9 PQs which Willie Rennie MSP has asked re the Chinese MOU.

These are due to be answered on 9 August so grateful if you can get back to me over next day or two so I can get them to DFM, who has agreed to answer while Mr Brown is away.

Some of these refer to the previous PQs so I've attached those too.

[REDACTED]

[REDACTED]

PARLIAMENTARY QUESTIONS REGARDING THE MEMORANDUM OF UNDERSTANDING BETWEEN THE SCOTTISH GOVERNMENT AND SINFORTONE AND CHINA RAILWAY NO 3 ENGINEERING GROUP.

S5W-00001

Willie Rennie (North East Fife) (Scottish Liberal Democrats): To ask the Scottish Government whether it will place in the Scottish Parliament Information Centre (SPICe) copies of (a) all correspondence and (b) the minutes of meetings that it had with representatives of China Railway No. 3 Engineering Group and SinoFortone (i) in advance of and (ii) after the signing of the memorandum of understanding on 21 March 2016.

Keith Brown:

In respect of (ii), I refer the member to the answer to question S5W-00004 on 31 May 2016. All answers to written parliamentary questions are available on the Parliament's website, the search facility for which can be found at:

<http://www.parliament.scot/parliamentarybusiness/28877.aspx>.

The information has been placed in the Parliament's Reference centre bib no. 57958.

S5W-00002

Willie Rennie (North East Fife) (Scottish Liberal Democrats): To ask the Scottish Government whether it will place in the Scottish Parliament Information Centre (SPICe) a copy of the memorandum of understanding with China Railway No.3 Engineering Group and SinoFortone, which was signed on 21 March 2016, and for what reason the Parliament was not informed about the agreement at the time.

Keith Brown:

The Memorandum of Understanding (MoU) is available on the Scottish Government's website (www.gov.scot/ChineseMOU) and is available in SPICe, Bib No. 57959. The MoU contains no commitments to investment and has no legal or contractual implications for the Scottish Government, as a result it was not considered necessary to inform the Scottish Parliament at that stage.

S5W-00003

Willie Rennie (North East Fife) (Scottish Liberal Democrats): To ask the Scottish Government on what date (a) officials, (b) the First Minister and (c) other ministers became aware of the proposals by China Railway No.3 Engineering Group and SinoFortone to invest in Scotland.

Keith Brown:

I refer the member to the answer to question S5W-00004 on 31 May 2016. All answers to written Parliamentary Questions are available on the Parliament's website, the search facility for which can be found at <http://www.parliament.scot/parliamentarybusiness/28877.aspx>

S5W-00004

Willie Rennie (North East Fife) (Scottish Liberal Democrats): To ask the Scottish Government on what dates (a) officials, (b) the First Minister and (c) other ministers have held discussions with China Railway No. 3 Engineering Group and SinoFortone.

Keith Brown:

Officials became aware of SinoFortone's possible interest in investing in Scotland in June 2015 via the Chair of the Asia Scotland Institute.

The First Minister's office was contacted in July 2015 and in October 2015 regarding SinoFortone's interest in investing in Scotland.

Officials held discussions with Sir Richard Heygate and Dr Peter Zhang representing SinoFortone on 16 December 2015, 3 February 2016, 9 March 2016 and 10 March 2016.

The First Minister met with Sir Richard Heygate and Dr Peter Zhang representing SinoFortone on 3 February 2016.

I was introduced to Sir Richard Heygate and Dr Peter Zhang on 9 March at an event on 'Chinese Invests West Infrastructure Investment' hosted by the legal firm Pinsent Masons.

Officials and the First Minister held discussions with Sir Richard Heygate and Dr Peter Zhang representing SinoFortone and China Railway No 3 Engineering Group on 21 March 2016.

There have been no meetings with representatives of China Railway No. 3 Engineering Group and SinoFortone since the MoU was signed on 21 March 2016. Officials spoke with Sir Richard Heygate by phone on 8 and 9 April to clarify issues raised in the media.

S5W-00005

Willie Rennie (North East Fife) (Scottish Liberal Democrats): To ask the Scottish Government how it first came into contact with representatives of China Railway No.3 Engineering Group and SinoFortone.

Keith Brown:

I refer the member to the answer to question S5W-00004 on 31 May 2016. All answers to written Parliamentary Questions are available on the Parliament's website, the search facility for which can be found at <http://www.parliament.scot/parliamentarybusiness/28877.aspx>

S5W-00006

Willie Rennie (North East Fife) (Scottish Liberal Democrats): To ask the Scottish Government for what reason the press release agreed between the Scottish Government and China Railway No.3 Engineering Group and SinoFortone regarding the memorandum of understanding signed on 21 March 2016 was published on the companies' English language website only, and who took the decision not to publish it on the Scottish Government's website.

Keith Brown:

The Scottish Government took the decision to focus on publicising any investment arising from the memorandum if and when such investment was confirmed. Such investment will be publicised in the normal way.

It was for SinoFortone and the China Railway No.3 Engineering Group to decide how they publicised the Memorandum of Understanding.

S5W-00007

Willie Rennie (North East Fife) (Scottish Liberal Democrats): To ask the Scottish Government whether it considers it appropriate that the Chinese media was informed of the signing of the memorandum of understanding with China Railway No.3 Engineering Group and SinoFortone that was signed on 21 March 2016 but the Scottish media was not.

Keith Brown:

I refer the member to the answer to question S5W-00006 on 31 May 2016. All answers to written Parliamentary Questions are available on the Parliament's website, the search facility for which can be found at <http://www.parliament.scot/parliamentarybusiness/28877.aspx>.

S5W-00008

Willie Rennie (North East Fife) (Scottish Liberal Democrats): To ask the Scottish Government whether it will place in the Scottish Parliament Information Centre (SPICe) a copy of all documentation relating to the agreement of a joint press release between the Scottish Government and China Railway No.3 Engineering Group and SinoFortone regarding the memorandum of understanding signed on 21 March 2016, which was published on the companies' English language website.

Keith Brown:

The information requested has been placed in the Parliament's Reference Centre Bib No. 57958.

S5W-00009

Willie Rennie (North East Fife) (Scottish Liberal Democrats): To ask the Scottish Government with what foreign companies it has signed memorandums of understanding in each year since 2007-08; on what dates each was signed; how many led to the intended collaboration and financial investment, and whether each was announced on the Scottish Government's website.

Keith Brown:

This information is not held centrally.

S5W-00010

Willie Rennie (North East Fife) (Scottish Liberal Democrats): To ask the Scottish Government whether it will provide a breakdown of the £10 billion investment associated

with the memorandum of understanding with China Railway No.3 Engineering Group and SinoFortone that was signed on 21 March 2016, and how this figure was arrived at.

Keith Brown:

I refer the member to the answer to question S5W-00012 on 31 May 2016. All answers to written Parliamentary Questions are available on the Parliament's website, the search facility for which can be found at <http://www.parliament.scot/parliamentarybusiness/28877.aspx>

S5W-00011

Willie Rennie (North East Fife) (Scottish Liberal Democrats): To ask the Scottish Government for what reason the Cabinet Secretary for Infrastructure, Investment and Cities said on Scotland 2016 on 4 April 2016 that the Scottish Government, China Railway No.3 Engineering Group and SinoFortone were "not at the stage of discussing particular projects", and whether it considers that this was contradicted by Sir Richard Heygate in an interview on Good Morning Scotland on 8 April 2016.

Keith Brown:

I refer the member to the answer to question S5W-00012 on 31 May 2016. All answers to written Parliamentary Questions are available on the Parliament's website, the search facility for which can be found at <http://www.parliament.scot/parliamentarybusiness/28877.aspx>

S5W-00012

Willie Rennie (North East Fife) (Scottish Liberal Democrats): To ask the Scottish Government what projects it or China Railway No.3 Engineering Group and SinoFortone have identified as opportunities for investment in (a) affordable housing, (b) communities, (c) clean energy, (d) industry and business parks, (e) transportation infrastructure and (f) any other areas.

Keith Brown:

The memorandum of understanding between the Scottish Government, China Railway No.3 Engineering Group and SinoFortone is focused on developing a working relationship to explore possible investment in Scotland.

At their meeting on 3 February 2016, SinoFortone expressed an interest in areas including affordable housing, energy and infrastructure, the First Minister noted SinoFortone's interest in these areas.

The Scottish Government has not identified any specific projects for potential investment.

Scottish Government officials introduced SinoFortone to Falkirk Council and Loudon Castle Developments to help them understand and explore potential investment opportunities. No projects have been confirmed for investment by SinoFortone or China Railway No.3 Engineering Group.

S5W-00013

Willie Rennie (North East Fife) (Scottish Liberal Democrats): To ask the Scottish Government whether the First Minister expressed a preference that China Railway No.3 Engineering Group and SinoFortone invest in (a) affordable housing and (b) clean energy during discussions, as stated by Sir Richard Heygate on Good Morning Scotland on 8 April 2016, and whether she indicated that she would "like to get something moving this year" and, if so, on what date this occurred.

Keith Brown:

I refer the member to the answer to question S5W-00012 on 31 May 2016. All answers to written Parliamentary Questions are available on the Parliament's website, the search facility for which can be found at <http://www.parliament.scot/parliamentarybusiness/28877.aspx>

S5W-00014

Willie Rennie (North East Fife) (Scottish Liberal Democrats): To ask the Scottish Government what large railway project Sir Richard Heygate referred to during an interview on Good Morning Scotland on 8 April 2016.

Keith Brown:

The Scottish Government does not know what large railway project was being referred to.

S5W-00015

Willie Rennie (North East Fife) (Scottish Liberal Democrats): To ask the Scottish Government whether it has had discussions with (a) Edinburgh City Council, (b) Falkirk Council and (c) East Ayrshire Council regarding the possibility of China Railway No.3 Engineering Group and SinoFortone investing in 5,000 affordable homes across these areas.

Keith Brown:

The memorandum of understanding between the Scottish Government, China Railway No.3 Engineering Group and SinoFortone is focused on developing a working relationship to explore possible investment in Scotland. The Scottish Government has not had any discussions with Edinburgh City Council or East Ayrshire regarding Sinofortone.

The Scottish Government has made no representations to Falkirk Council regarding investment by China Railway No. 3 in affordable housing in Falkirk. Discussions took place involving the Scottish Government, Sinofortone and Falkirk Council where investment in affordable housing was discussed.

S5W-00016

Willie Rennie (North East Fife) (Scottish Liberal Democrats): To ask the Scottish Government what representations it made on behalf of China Railway No.3 Engineering Group with regard to affordable housing in Falkirk in 2015.

Keith Brown:

I refer the member to the answer to question S5W-00015 on 31 May 2016. All answers to written Parliamentary Questions are available on the Parliament's website, the search facility for which can be found at <http://www.parliament.scot/parliamentarybusiness/28877.aspx>.

S5W-00017

Willie Rennie (North East Fife) (Scottish Liberal Democrats): To ask the Scottish Government whether it considers that it would be appropriate for it to sign an agreement with China Railway No.3 Engineering Group and SinoFortone to build homes in Falkirk, following its signing of the memorandum of understanding on 21 March 2016, if Falkirk Council had already rejected such a proposal from these companies.

Keith Brown:

I refer the member to the answer to question S5W-00015 on 31 May 2016. All answers to written Parliamentary Questions are available on the Parliament's website, the search facility for which can be found at <http://www.parliament.scot/parliamentarybusiness/28877.aspx>

S5W-00018

Willie Rennie (North East Fife) (Scottish Liberal Democrats): To ask the Scottish Government what the (a) interest rate, (b) timescale and (c) financial return for the companies would be in relation to the £10 billion of investment planned by China Railway No.3 Engineering Group and SinoFortone in projects across Scotland in accordance with the memorandum of understanding signed with the Scottish Government on 21 March 2016.

Keith Brown:

The memorandum of understanding between the Scottish Government, China Railway No.3 Engineering Group and SinoFortone is focused on developing a working relationship to explore possible investment in Scotland. There is no confirmed investment and no legal or contractual obligations, any discussions on interest rates, timescales or financial return would only take place in the event of confirmed investment and would take place between the partners in any investment.

S5W-00019

Willie Rennie (North East Fife) (Scottish Liberal Democrats): To ask the Scottish Government, further to its signing of the memorandum of understanding with China Railway No.3 Engineering Group and SinoFortone signed on 21 March 2016, how many hours of its officials' time has been spent on work associated with the signing of the memorandum and at what cost; what support it will provide to the companies and at what cost, and whether they will receive privileged access to information not already publicly available.

Keith Brown:

Information on the number of hours of officials' time spent on work associated with the memorandum of understanding and the associated cost is not recorded.

The Scottish Government's work with China Railway No.3 Engineering Group and SinoFortone is part of a much broader approach by the Government and its agencies to welcome and encourage investment which delivers benefits for Scotland. This involves working with a wide range of businesses and investors to, for example, help them understand the Scottish context; connect with potential partners; and to identify opportunities and possible funding.

S5W-00020

Willie Rennie (North East Fife) (Scottish Liberal Democrats): To ask the Scottish Government what advice on China Railway No.3 Engineering Group and SinoFortone it sought from external stakeholders before signing the memorandum of understanding on 21 March 2016.

Keith Brown:

I refer the member to the answer to question S5W-00024 on 31 May 2016. All answers to written Parliamentary Questions are available on the Parliament's website, the search facility for which can be found at <http://www.parliament.scot/parliamentarybusiness/28877.aspx>

S5W-00021

Willie Rennie (North East Fife) (Scottish Liberal Democrats): To ask the Scottish Government what assessment it made of the human rights record of China Railway No.3 Engineering Group and SinoFortone before signing the memorandum of understanding on 21 March 2016.

Keith Brown:

I refer the member to the answer to question S5W-00026 on 31 May 2016. All answers to written Parliamentary Questions are available on the Parliament's website, the search facility for which can be found at <http://www.parliament.scot/parliamentarybusiness/28877.aspx>.

S5W-00022

Willie Rennie (North East Fife) (Scottish Liberal Democrats): To ask the Scottish Government whether officials were aware before the memorandum of understanding was signed on 21 March 2016 that China Railway Group had been blacklisted for investment by the Norwegian Government Pension Fund Global, and whether it has subsequently contacted the Norwegian Government Pension Fund Global or considered its recommendations.

Keith Brown:

I refer the member to the answer to question S5W-00026 on 31 May 2016. All answers to written Parliamentary Questions are available on the Parliament's website, the search facility for which can be found at <http://www.parliament.scot/parliamentarybusiness/28877.aspx>

S5W-00023

Willie Rennie (North East Fife) (Scottish Liberal Democrats): To ask the Scottish Government whether it will suspend the memorandum of understanding with China Railway No.3 Engineering Group and SinoFortone that was signed on 21 March 2016 until it has investigated allegations of human rights abuses and the risk of gross corruption.

Keith Brown:

I refer the member to the answer to question S5W-00026 on 31 May 2016. All answers to written Parliamentary Questions are available on the Parliament's website, the search facility for which can be found at <http://www.parliament.scot/parliamentarybusiness/28877.aspx>

S5W-00024

Willie Rennie (North East Fife) (Scottish Liberal Democrats): To ask the Scottish Government whether it carried out due diligence prior to signing a memorandum of understanding with China Railway No.3 Engineering Group and SinoFortone on 21 March 2016; what its position is on this matter, and whether it is standard procedure for the First Minister or other ministers and officials to sign agreements with companies for which the Scottish Government has not conducted background checks.

Keith Brown:

Prior to signing the memorandum of understanding, Scottish Government officials sought advice from the Scottish Development International team in China and also assessed Sinofortone's credibility in terms of their existing UK activity.

As the Memorandum of Understanding does not involve any legal, contractual or funding obligations or commitments on behalf of the Scottish Government full due diligence was not undertaken.

Whenever the Scottish Government is seeking to award a contract in relation to construction or the purchase of goods or services, procurement legislation sets out the criteria that can be used to select which companies will be invited to submit a bid. Criteria include the company's suitability to pursue a professional activity, its economic and financial standing, and its technical and professional ability and include provisions in respect of when a bidder should be excluded from bidding because of, for example, conviction for corruption and/or child labour and other forms of trafficking in human beings.

S5W-00025

Willie Rennie (North East Fife) (Scottish Liberal Democrats): To ask the Scottish Government what its due diligence of foreign companies involves.

Keith Brown:

I refer the member to the answer to question S5W-00024 on 31 May 2016. All answers to written Parliamentary Questions are available on the Parliament's website, the search facility for which can be found at <http://www.parliament.scot/parliamentarybusiness/28877.aspx>.

S5W-00026

Willie Rennie (North East Fife) (Scottish Liberal Democrats): To ask the Scottish Government whether it considers it appropriate to enter into agreements with companies that have been allegedly implicated in human rights abuses or present a risk of gross corruption.

Keith Brown:

The Scottish Government condemns human rights abuses and corruption wherever it takes place.

I refer the member to the answer to question S5W-00024 on 31 May 2016. All answers to written Parliamentary Questions are available on the Parliament's website, the search facility for which can be found at <http://www.parliament.scot/parliamentarybusiness/28877.aspx>

S5W-00027

Willie Rennie (North East Fife) (Scottish Liberal Democrats): To ask the Scottish Government what its position is on Amnesty International's allegation that one of China Railway Group's subsidiaries was involved in illegal forced evictions in the Democratic Republic of Congo and whether the Scottish Government will take this into consideration in deciding how to proceed following its signing a memorandum of understanding with China Railway No.3 Engineering Group and SinoFortone on 21 March 2016.

Keith Brown:

As the Memorandum of Understanding does not involve any legal, contractual or funding obligations or commitments on behalf of the Scottish Government full due diligence was not undertaken prior to the signing of the memorandum. The Scottish Government was therefore not aware that the Council of Ethics for the Norwegian Government Pension Fund Global had recommended in 2014 that China Rail Group Ltd, the parent company of China Railway No.3 Engineering Group, be excluded from the investment universe of the Fund. Nor was it aware of Amnesty International's allegation that the Congo International Mining Corporation, a subsidiary of China Railway Group, was involved in illegal forced evictions in the Democratic Republic of Congo.

In the event of any specific investment proposals being confirmed or any proposals for legal or contractual agreements being brought forward both reports will be considered as part of the full due diligence that will take place.

S5W-00028

Willie Rennie (North East Fife) (Scottish Liberal Democrats): To ask the Scottish Government what information China Railway No.3 Engineering Group and SinoFortone provided about their activities and those of their subsidiaries elsewhere in the world prior to the signing of the memorandum of understanding on 21 March 2016.

Keith Brown:

I refer the member to the answer to question S5W-00024 on 31 May 2016. All answers to written Parliamentary Questions are available on the Parliament's website, the search facility for which can be found at <http://www.parliament.scot/parliamentarybusiness/28877.aspx>.

1. To ask the Scottish Government, further to the First Minister stating on 2 June 2016 (Official Report, c.13) that “the Scottish Parliament would have the opportunity to scrutinise” any contracts involving projects agreed with China Railway No.3 Engineering Group, whether it anticipates that this opportunity would occur before or after the contract was signed.

Answer

The Memorandum of Understanding between the Scottish Government , China Railway No.3 Engineering Group (CR3) and SinoFortone is focused on developing a working relationship to explore possible investment in Scotland.

If and where such investment involves CR3, Sinofortone and third parties then any contract would be a matter for those parties.

The Scottish Government has not identified any specific projects for potential investment

[REDACTED]

2. To ask the Scottish Government whether it will provide an update on progress toward the possibility of China Railway No.3 Engineering Group and SinoFortone investing in projects across Scotland in accordance with the memorandum of understanding signed with the Scottish Government on 21 March 2016.

Answer

The Scottish Government is aware that since 21 March 2016 representatives of China Railway No. 3 and Sinofortone have had conversations with a number of third parties about possible investment opportunities. The Scottish Government has had no role in those conversations.

3. To ask the Scottish Government, further to the answer to question S5W-00024 by Keith Brown on 31 May 2016, whether its officials (a) sought advice from the Scottish Development International team in China on the background of China Railway No.3 Engineering Group and (b) conducted or requested any other assessment of the credibility of the company.

Answer

[REDACTED]

4. To ask the Scottish Government on what dates since 5 May 2016 (a) its officials, (b) the First Minister and (c) other ministers have held discussions with (i) China Railway No. 3 Engineering Group, (ii) SinoFortone and (iii) any other organisation that could potentially be involved in activities further to the signing of the memorandum of understanding with these companies on 21 March 2016; what was discussed, and whether it will place a copy of the minutes in SPICe.

Answer

There have been no discussions between the First Minister or other Ministers and China Railway No. 3 Engineering Group or Sinofortone since 5 May 2016.

At his request, Scottish Government officials participated in a short teleconference with the Chair of the Asia Scotland Institute, Roddy Gow, and Sir Richard Heygate of Sinofortone on 30 June. Sinofortone highlighted their conversations with third parties about potential investment opportunities. No other issues were discussed and a minute of the teleconference was not taken.

Officials met with the Chair of the Asia Scotland Institute on 29 July. The Memorandum of Understanding was discussed along with a range of issues relating to Scotland's relationship with Asia. A note of the meeting has been placed in SPICe.

5. To ask the Scottish Government what assessment it has made of the activities of China Railway No.3 Engineering Group since it became aware of allegations of human rights abuses and the risk of gross corruption; what this assessment involved; whether (a) ministers or (b) officials have discussed these allegations with (i) the Norwegian Government Pension Fund Global or (ii) Amnesty International; what the assessment concluded, and whether it now considers that it would be appropriate to agree investment with this company.

[REDACTED]

6. To ask the Scottish Government, further to the answer to question S5W-00019 by Keith Brown on 31 May 2016, whether it will answer the question that was asked regarding whether (a) China Railway No.3 Engineering Group or (b) SinoFortone (i) has previously or (ii) will in future receive privileged access to information not already publicly available and, if so, what access.

Answer

[REDACTED]

7. To ask the Scottish Government whether it has reconsidered its decision not to suspend the memorandum of understanding with China Railway No.3 Engineering Group and SinoFortone that was signed on 21 March 2016.

Answer

I refer the member to the answer to question 5 on Y. All answers to written Parliamentary Questions are available on the Parliament's website, the search facility for which can be found at XXXXX

8. To ask the Scottish Government, further to the answer to question S5W-00024 by Keith Brown on 31 May 2016, whether it has now undertaken full due diligence as a precaution or whether this will only occur once legal, contractual or funding obligations or commitments on its behalf are agreed.

Answer

I refer the member to the answer to question 5 on Y. All answers to written Parliamentary Questions are available on the Parliament's website, the search facility for which can be found at XXXXX

9. To ask the Scottish Government, further to the answer to question S5W-00028 by Keith Brown on 31 May 2016, whether it will provide the answer to the question that was asked.

Answer

[REDACTED]

From: [REDACTED]

Sent: 12 August 2016 09:32

To: [REDACTED]

Cc: [REDACTED]

Subject: Meeting - Minister for International Development and Europe and Amnesty International - 18 August

[REDACTED]

On 18 August the Minister for International Development and Europe will be meeting Naomi McAuliffe, Scotland Director of Amnesty International. It is an introductory meeting to discuss a range of human rights issues, including Scotland's National Action Plan for Human Rights, UKG proposals to repeal the Human Rights Act and abuses against people with albinism in Malawi.

I submitted briefing for the meeting yesterday (attached) and [REDACTED] suggested that it would be useful to include lines and background on the China MoU matter, given current media coverage and Amnesty's involvement/interest.

If possible, would you please be able to send me a few lines and some background information on the issue?

<< File: Minister for International Development and Europe - Amnesty International - meeting - 18 August 2016 - briefing.docx >>

Please give me a ring if you would like to discuss this.

Thanks very much for your help

[REDACTED]

From: [REDACTED]

Sent: 16 August 2016 @14.45

To: [REDACTED]

Copy to: [REDACTED]

RE: Meeting - Minister for International Development and Europe and Amnesty International - 18 August

[REDACTED]

As requested, please find attached a one-page brief on the China MoU for Dr Allan's briefing:

Any questions then just give me a shout.

Kind Regards,

[REDACTED]

CHINA INVESTMENT – MEMORANDUM OF UNDERSTANDING

Background

- On 21 March, an MoU was signed by the First Minister with representatives of two Chinese companies – *SinoFortone Group* and *China Railway Number 3 Engineering Group* (CR3). The MoU focused on developing a working relationship to explore possible investment of up to £10 billion in Scotland.

- CR3 is one of 46 subsidiaries of the *China Railway Group* (CRG). The Herald (5/4/16) reported that in 2014 the Norwegian Oil Fund's Council on Ethics recommended exclusion of CRG from the Fund's investments because of "an unacceptable risk of the company being responsible for gross corruption"; and also reported (30/4/16) a 2013 Amnesty International report accusing the *Congo International Mining Corporation*, another subsidiary of CRG, of forcibly evicting people from their homes in Katanga region of the Democratic Republic of Congo.
- Naomi McAuliffe, Scotland Director of Amnesty International, wrote to the First Minister on 19 May regarding the human rights implications of the MoU, and enclosed a copy of the organisation's Katanga report. FM responded on 12 June, emphasising that the MoU has no legal or contractual commitments, but that she is supportive of Amnesty's commentary "*which supports well-informed public debate and assists in promoting understanding of and respect for human rights*".
- Over 70 pages of information were released by SG regarding the MoU on 31 May following various Fol requests, alongside answers to 28 parliamentary questions. A further 9 parliamentary questions on the issue were answered on 9 August. Willie Rennie MSP has repeatedly called on the Government to tear up the MoU; criticising the lack of due diligence and its impact on Scottish values on human rights.

[REDACTED]

From: "Sir Richard Heygate 瑞海葛 [REDACTED]"
Date: 15 August 2016 at 06:17:13 GMT-4
To: "Nicola Sturgeon"
Cc: [REDACTED] "Peter Zhang" [REDACTED] "Roddy Gow" [REDACTED]
Subject: Personal for the First Minister

Dear Nicola,

After much consideration, it is clear to Peter and I that we cannot move ahead on our MOU without further inaccurate and defamatory material being put in the Public Domain. We still believe in the benefits for Scotland of an infrastructure partnership with China, especially as EEC infrastructure funding via the EIB is likely to be cut off after Brexit, However the spirit of the MOU was a non-legal agreement to framework constructive and trusted dialogue - something most commentators seem to have missed. This is how China likes to work, but alas, it is impossible in the current climate in Scotland.

it has been a great pleasure meeting you and we wish you all success with your plans for Scotland.

Very best wishes

Richard Heygate and Peter Zhang

Sent from my BlackBerry 10 smartphone

From: [REDACTED]

Sent: 23 August 2016 19:46

To: First Minister; Cabinet Secretary for Economy, Jobs and Fair Work

Cc: Cabinet Secretary for Culture, Tourism and External Affairs; Communications Economy; Communications CTEA; Communications First Minister; Permanent Secretary; DG Economy; (Director for External Affairs) [REDACTED]

Subject: Sensitive - Sinofortone and Scotland

Purpose

1. To update you on discussions with Roddy Gow and, through him, Sir Richard Heygate, regarding the MOU with Sinofortone and China Railway No. 3 Engineering Group (CR3).

Timing

2. Routine

Update

3. On 9 August we responded to nine Parliamentary Questions from Willie Rennie MSP about the MOU with CR3 and Sinofortone. As well as noting that there had been no contact between Ministers and CR3 and Sinofortone and little contact with officials, our response was clear in noting that detailed research provided no evidence of corruption or human rights abuses by CR3 or Sinofortone. Nonetheless, the media coverage that followed questioned whether the MoU was still active and continued to associate Sinofortone and CR3 with allegations against China Railway Group (the parent company of CR3) and a subsidiary mining company in the Congo.

4. Following this and discussion with [REDACTED] I spoke with Roddy Gow to arrange a telephone discussion between him, Sir Richard Heygate and the Cabinet Secretary for Economy, Jobs and Fair Work about focusing the MoU on work with private sector partners in early 2017. However, Sir Richard Heygate wrote to the First Minister on 15 August indicating that he wished to withdraw from the MOU. That remains his view as he believes the reputation of Sinofortone and CR3 is being damaged by negative political and media commentary in Scotland. He has advised the Chinese Embassy and the Consul General of this.

5. Arrangements are being made for a discussion between Roddy Gow and the Cabinet Secretary for Economy, Jobs and Fair Work to explore possible ways forward.

6. Colleagues from International Division will discuss the issue with the Chinese Consul General to better understand the Chinese Government's view on the issue.

I trust this is helpful.

[REDACTED]

Sent from my BlackBerry 10 smartphone.

From: [REDACTED]
Sent: 07 September 2016 13:04
To: Cabinet Secretary for Economy, Jobs and Fair Work [REDACTED]
Cc: [REDACTED]
Subject: Briefing for Mr Brown - meeting Roddy Gow - 8 Sept 2016

[REDACTED]

I attach a short background note for Mr Brown's meeting with Roddy Gow at 5.30 tomorrow. We have a pre-meet at 1.30 where I can provide more info.

To note Annex C of this is a paper which Roddy Gow directly e-mailed to Mr Brown suggesting it would be useful background reading re whether Scotland is really open to Chinese investment. It's slightly 'quirky' – not a must read but would be helpful if Mr Brown could acknowledge that he's seen it.

Thanks

[REDACTED]

THURSDAY 8 SEPT 2016

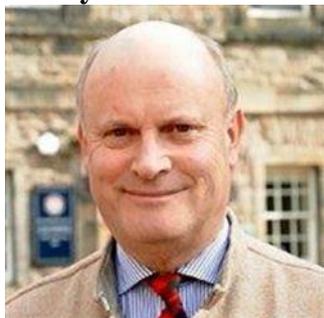
Key Messages	<ul style="list-style-type: none">• The Scottish Government remains committed to working with Chinese and other investors.• We welcome the support and networks which Roddy and the Asia Scotland Institute can provide but important that this is taken forward in a co-ordinated way with Scottish Government and Scottish Enterprise.• We have been in close contact with the Chinese Consulate on this issue and it will not affect future or current engagement between Scotland and China.
Who	Roddy Gow, Asia Scotland Institute (introduced First Minister to SinoFortone)
What	Roddy has asked to discuss the Scottish Government's general approach to attracting Chinese investment to Scotland and the specific position in respect of the MoU.
Why	To discuss Chinese investment to Scotland and the MoU with SinoFortone and China Railway No 3 Engineering Group.
Where	Scottish Parliament T4:03
When	Pre meeting with [REDACTED] 13:30 to 14:00 Meeting with Roddy Gow, 17:30 to 18:00
Supporting Officials	[REDACTED]

Attached documents	Annex A: Biographies and Asia Scotland Institute Background Annex B: Chinese MoU FMQ Annex C: Asia Scotland Institute Paper
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ANNEX A

BIOGRAPHIES

Roddy Gow



Roddy is the Founder and Chairman of the Asia Scotland Institute, set up in 2013. He is also the Founder of Canongate Partners, an international executive search consulting firm specialising in solving challenges for clients seeking to enter Asia and the Emerging Markets. He is the Chairman of the UK Foundation of Plant for Peace, founded to create a sustainable economic future for rural communities in Afghanistan and other pre and post conflict environments. He was previously Chief Executive of Asia House in London, where he drove its mission to educate and

inform the people of the UK about a region extending from the Gulf in the West to Japan in the East.

During a career spanning service as a British Army officer, several years as a banker in the UK and US, and more than 30 years working at the highest levels of global executive search, Roddy has always been interested in the challenges of understanding and embracing the skills needed to function effectively across national boundaries.

Awarded the OBE in 2002 for services to British Trade in the United States, he was until recently a member of the Business Advisory Council of the Saïd Business School, Oxford University. He is a Visiting Professor at London Metropolitan University, and a member of the Welsh National Opera's Advisory Council. He holds an MA degree from Trinity College, Cambridge University.

BACKGROUND TO ASIA SCOTLAND INSTITUTE

The Asia Scotland Institute's mission is 'to promote awareness, understanding and collaboration between Scotland and Asia to create mutually enriching economic, cultural and educational opportunities'. It aims to do this by providing access to innovative thinking and ideas, including through holding a series of lectures with global leaders in business and politics, building a network of business people interested in Asia and engaging with students to encourage a more international outlook.

The Scottish Government has provided financial support for the Asia Scotland Institute in the last 3 financial years. We provided £15,000 core funding for the Institute in financial year 2012-13 and a further £30,000 for the financial years 2014-15 and 2015-16. In addition in 2014-5 the Scottish Government funded a secondment from the Scottish Government (Ed Thomson) to work with the Institute as Programme Director. His main roles were to coordinate the Institute's events programme and help move the Institute towards financial sustainability.

The ASI is very slowly making progress towards financial sustainability. Scottish Government has reduced their support from £30,00 to £20,000.

FMQ NOTE ON CHINESE MOU

ISSUE

- On 21 March, an MoU was signed by you with representatives (Sir Richard Heygate and Dr Peter Zhang) of two Chinese companies - SinoFortone Group and China Railway Number 3 Engineering Group (CR3). The MoU is focused on developing a working relationship to explore possible investment of up to £10 billion in Scotland.
- CR3 is one of 46 subsidiaries of the China Railway Group (CRG). *The Herald* (5/4/16) reported the Norwegian Oil Fund's *Council on Ethics* 2014 recommendation to exclude CRG from the Fund's investments because of 'an unacceptable risk of the company being responsible for gross corruption'; and also (30/4/16) a 2013 *Amnesty International* report accusing the Congo International Mining Corporation, another subsidiary of CRG, of forcibly evicting people from their homes in the Katanga region of the Democratic Republic of Congo. These accusations have continued to appear in the media.
- We have responded to 37 PQs from Willie Rennie MSP and 9 FOI requests. On 31 May, over 70 pages of internal correspondence and briefing relating to the MoU were published.
- Willie Rennie MSP has called on the Government to tear up the MoU and criticised the lack of due diligence. Our 9 August response to written Parliamentary Questions from Mr Rennie indicated that Ministers had not met Sinofortone or CR3 since the signing of the MoU and that officials had only had very limited discussions. Following this, Willie Rennie MSP called on the Scottish Government to admit that the MoU was 'dead in the water' and Alex Johnstone MSP stated 'There must be absolute transparency in situations like this, and the Scottish Government should learn a lesson from this shambles, go back to the drawing board and seek fresh investment with due diligence'.
- On 15 August, Sir Richard Heygate wrote to the First Minister on behalf of SinoFortone and CR3 advising that they wish to withdraw from the MOU because "we cannot move ahead on our MOU without further inaccurate and defamatory material being put in the public domain" and that "...the spirit of the MOU was a non-legal agreement to framework constructive and trusted dialogue - something most commentators seem to have missed. This is how China likes to work, but alas, it is impossible in the current climate in Scotland"

[REDACTED]

ASIA SCOTLAND INSTITUTE PAPER ON INVESTMENTS

THE WEST, YES. THE UK, PERHAPS. SCOTLAND, NO!

Adrien von Ferscht, BA; MBA, is the Senior Fellow at the Asia Scotland Institute and has produced a prodigious body of work at University of Glasgow over the past 4 years as an Honorary Research Fellow. He has an acute understanding of the realities of China in the new world order and as such is able to work with Roddy Gow, Founder of the Asia Scotland Institute in creating China-centric policies and bespoke advice for government and business leaders.

The world's axis is slowly leaning to the east, yet no country in the West has felt the pull of gravity. It is perhaps the gravitational pull that is causing a compulsion of the countries that make up Europe, the United States of America and Canada to become more and more introspective.

Britain, we are told, has entered a "Golden Era" with China as a result of China's \$62 billion dollar investment in projects in England, which is pretty much the type of investment Xi Jinping made in

other European countries he has visited; \$60 billion is therefore pocket money to keep strategically picked European semi-China-centric “friends” happy. But what is the real strategy behind these seemingly speedily announced investment projects?

All one has to do is compare \$60 billion against \$8 trillion; it is 1.33%. The UK, or should we say England, has received a tiny amount of investment compared to the \$8 trillion Xi Jinping is currently ploughing into Asia in what China refers to as “infrastructure projects”. The key word there is “Asia”. As we speak and as I write, China is physically working on the ground on a vast number of major projects that will create the vision of the “One Road. One Belt”. Across Asia, Chinese bulldozers are preparing the ground for the vision to become a reality.

Rewind the tape to October and the euphoria of Xi Jinping’s state visit and the \$60 billion tip he left David Cameron. Has anyone seen or heard of anything actually happening about the Northern Powerhouse or Hinkley Point? The answer is no – it’s the “third runway at Heathrow” syndrome all over again. If this was happening in China, George Osborne would probably have “disappeared” by now!

The only thing that is actually happening from the state visit is China’s selection of London as its preferred offshore Renminbi Financial Centre that is created in a non-Chinese timezone; Beijing is also planning a second tranche of Renminbi bonds to be issued in London by the China Development Bank. Smart move, China!

In the 18th and 19th centuries, the sun hardly ever set on the British Empire. In 1876, Disraeli had Queen Victoria proclaimed Empress of all India. Britain became the most powerful country in the world with the largest empire that had ever existed, Victoria ruling one quarter of the world’s population. Back in Britain, there was a tremendous change in the lives of the people. In a dynamic push, urbanisation and rail infrastructure resulted in the biggest and quickest transformation of an entire nation. No obstacle could deter the implementation of this masterplan. Britain had a remarkable and entirely out of character “can-do” mindset. Almost a century and a half later, The Westminster government cannot build a much-needed third runway at Heathrow! In the time it has been discussed and consulted upon, China has built a mere 150 international sized airports within China and is about to build a new airport at Beijing already replacing the massive Beijing Olympics terminal.

Eyes stage-right to what we loosely call “Asia”. China is building a virtual infrastructure network, not only across Asia, but across the world. Integrate this with the ambitious activities of Chinese companies around the world, many of which are state-owned; you have a picture of the most extensive global commercial empire in the history of the planet. All this is happening as we speak. The empire stretches from Rio de Janeiro, includes Antarctica, St Petersburg, Mombasa, Jakarta and even Vanuatu.

In China, Beijing has already initiated an 8,000 mile long cargo rail route linking Beijing to Madrid. This has a relatively quaint branch line; a 1125 mile long 200kmph bullet train linking Kashgar across Pakistan to the Arabian Seaport of Gwadar, in Baluchistan province of Pakistan, a port now managed by the Chinese. In tandem, Beijing is creating a renaissance Maritime Silk Road fit for the 21st century and beyond, linking the South China Sea, the Indian and the South Pacific Oceans. We should also mention at this stage the expansion of the Chinese navy; China’s current defence budget is thought to be \$141 billion p.a. – a nation that has no notion to invade another country militarily.

The private Chinese investor, Wan Jing, has plans to build a 170 mile/\$50 billion canal across Nicaragua.

The icing on the cake has to be the creation of the Asian Infrastructure Investment Bank [AIIB]. Modelled loosely on the World Bank, but what could easily become its competitor. The World Bank is already showing signs of losing its influence by reneging on projects. China says 57 countries have signed on as charter members of the new China-backed bank. This is a new financial infrastructure, per se. China has also appointed five vice presidents of the new bank; The Indonesian, Luky Eko Wuryanto, the German, Joachim von Amsberg, the Korean, KyMack Hong, Indian, D.J. Pandian and, wait for it, the Scot, Danny Alexander. From those names, combined with the Chinese Directors, it is fairly easy to join up the dots and start getting a picture. The bank began its life with a first deposit by China of \$100 billion. Members of the bank include Australia, New Zealand and the Maldives and, surprisingly, Taiwan.

Rewind to Blighty. Listen to any news programme across the main TV and radio networks and try to find just one mention of any of this happening in the world. What you will hear is Junior Doctors' dispute, flood damage and a strange assortment of local events, murders or the increasingly frequent British sport victory. Looking at it rationally in relation to all the afore-mentioned China-related projects and Britain, it portrays a very introspective nation – which is interestingly what Ming Dynasty China had become. It's a case of "what goes around, comes around". But it's the same across Europe and across North America; the Western world has become inward-looking. Perhaps the only exception might be Australia, but here is a vast country that has had the same links to the early China Trade and, as a result, one of the oldest and largest ex-pat Chinese population. It would also be natural that a world leaning further to the East would create a gravitational flow to Australia. The sale of a 100-year lease for Port Darwin to a state-owned Chinese company emphasises this force of gravity.

While it might at first seem a strange analogy, this turning of backs or blind-sightedness by the West to the reality of what is going on over probably two-thirds of the planet is reminiscent of 1939 and the rise of the Hitler regime. In 1937, Neville Chamberlain appointed Leslie Hore-Belisha Secretary of War. For a government that advocated "appeasement", having a Secretary of War would seem a strange diplomatic move. Understanding the reality of what was happening in Europe, Hore-Belisha strongly recommended that conscription begin in 1938; this was dismissed by Chamberlain. His repeated attempts to persuade Chamberlain to increase spending on the armed forces and on armaments that could match or better what was being mass-produced by Krupps was also unsuccessful. Germany's *anschluss* on Austria, Chamberlain did not see this as a threat to Britain and since both nations were German-speaking, he claimed there was no good reason why Austria and Germany shouldn't unify. His decision enraged Hore-Belisha and his ally Winston Churchill. Hitler's occupation of the Sudetenland and the invasion of Czechoslovakia culminating in the German invasion of Poland was the final catalyst that eventually forced Chamberlain to declare war on Germany. War began with a totally under and un-prepared defence forces, armaments capability, aircraft, ships – the list went on.

"The elephant in the room" – that's what 1939 was all about; it is happening again with almost the entire Western world ignoring the fact that almost half the planet is being transformed into a new regional order. But this time it has a difference; the monumental infrastructure China is creating is probably the only hope the Western world can revitalise its version of capitalism. One Belt, One Road may lead to China but the whole concept of it only work if everyone [ie the world] taps into it and optimises it. China is building the virtual blood artery network that will allow optimal world trade to occur. This is no threat; its "sinomic capitalism"; it only works with optimal global interaction.

The notion of the role of the state as guarantor of the people's welfare developed very early in Chinese history, along with the monarchy and the bureaucratic state. It was also assumed that good

government could bring about order, peace, and the good society. What we see today in China and shortly coming to your area in Asia is a China bringing order to a greater part of Asia that in turn allows several new Silk Roads, if you will, to connect deep into Europe up to the North Sea. China is creating a way for Europe to once again thrive; it is not imposing it, which is the current mindset of many western leaders and pundits.

One could view this as an invasion, but it is an invasion of the likes we have not seen before. It is an invasion we should welcome. There are no soldiers, no weapons, no military, naval or air force strategies. It is the creation of an infrastructure that will have the ability to create a new global order of trade. It is happening now; it will be a reality in five years. In that same time, the third runway at Heathrow will not be a reality! The EU will continue to be German-centric. But for a new order to work, we have to connect with the infrastructure; that is the purpose of the concept.

Where does this leave Scotland in the new order? One's first reaction would probably be to get depressed, but here's the crunch line – Scotland, of all the countries in Europe, is probably best placed to not only benefit, but actually extend the new Silk Route to be “One Road, One Belt, One Bridge”. What is the “Bridge”? The European leg of the new Silk Route ends in Rotterdam. All Scotland needs is a 21st century mega-cargo hub in the central belt with an air bridge to Rotterdam. Scotland has devolved powers, remember?

There is no country in the EU that has a country within a member country that has all the benefits of being in the EU and that has devolved powers. Scotland may be a small population living on a small landmass, but that is exactly part of the anomaly that can transform Scotland into being a power-devolved nation the West has not seen before.

None of this is foreign to the history of Scottish business. In the 17th, 18th and 19th centuries, of all nationalities involved in the phenomenon we know as the China Trade, Scots were by far in the majority. No institution could be more appropriate to demonstrate that than the Forbes-listed multinational Jardine, Matheson [aka Jardines], still having a board predominance by the Keswick family and a Sassoon, also a legacy from the early China Trade days in Canton.

It was a Scot who founded the Swedish East India Company, Colin Campbell of Argyll, one of many Jacobite Scots in exile who were quick to become entrepreneurs. The Glasgow we know today owes much of its prosperity, solidity as a true merchant city and its ability to find so much potential from sea trade including the largest builder of tea and opium clippers that plied the China Trade maritime route. For Scotland today, the potential is there to benefit from trade, commerce and international relations in all its modern guises; in many ways a 21st century new Declaration of Arbroath without the need to sign anything. This would be a Scotland that will be transformed in a way it hasn't seen since the Victorian era. Scotland will have re-balanced the economic, cultural and intellectual way of things in these British Isles, a second Scottish renaissance, if you will.

From: Roddy Gow [REDACTED]
Sent: 28 October 2016 14:50
To: [REDACTED]
Cc: [REDACTED]
Subject: FW: Fwd: Chinese Investment in the Scotland

[REDACTED]

I am keen to speak today to see how we can move matters forward. See e mail below and attachment. I am due to speak with [REDACTED] of Scottish Cities Alliance today shortly.

It must be possible to get things moving in Scotland. Liverpool appear to be embracing the Chinese opportunity.

A handwritten signature in black ink that reads "Roddy". Below the signature is a long, thin horizontal line that tapers at both ends.

Roddy Gow OBE
Chairman and Founder
The Asia Scotland Institute
Edinburgh Centre for Carbon Innovation
Old High School
Infirmary Street
Edinburgh EH1 1LZ
[REDACTED]
www.asiascot.com



From: Sir Richard Heygate [REDACTED]
Sent: 28 October 2016 04:29
To: Roddy Gow [REDACTED]
Cc: peter.zhang [REDACTED]
Subject: Re:Fwd: Chinese Investment in the Scotland

Dear Roddy,

Alas, Peter and I are back in China on 17.11, so this will need to wait till end November. Re. Liverpool, I attach the official press release for the Liverpool agreement with Inner Mongolia, who [redacted] helped with access to Spartan FC. We have also facilitated other deep relationships between the City and Chinese Regional government, not just at a polite but project cooperation level. This is where the rubber hits the road with UK/China relationships and is conspicuously missing from most initiatives to date. In fact, the most senior members

of Liverpool Council have been in China this week with heads of local businesses agreeing specific projects to work on together. Reciprocal visits are next.

It is this type of pro-active engagement with China and formal declarations of friendship and cooperation via MOU processes which went so woefully wrong in Scotland, that the country needs if they are to attract inward Chinese friendship and investment. To my mind, this needs to be led by Nicola Sturgeon herself and followed up by leaders of local government and key business people. After the last shambles, nothing else will do.

Very best wishes

Richard

----- Original -----

From: "Roddy Gow" [REDACTED]
Date: Fri, Oct 28, 2016 05:07 AM
To: "Sir Richard Heygate" [REDACTED]
Subject: Fwd: Chinese Investment in the Scotland

FYI

Sent from my iPhone

Begin forwarded message:

From: "Roddy Gow" [REDACTED]
Date: 27 October 2016 at 17:06:12 GMT-4
To: <firstminister[REDACTED]>
Subject: Chinese Investment in the Scotland

Dear Nicola

As you know I have asked to meet you to follow up on the matter of potential investment by the Chinese in Scotland and its infrastructure. I understand that during the hiatus that has arisen over finding a way forward, those whom you met have been very active in talks with Liverpool and others south of the border.

I am sure that you would agree that with the probable withdrawal of EC funding we do need to do something to address the very large shortfall to address affordable housing, alternative and renewable energy and rail and road infrastructure needs. The article by Richard Laudy below sets out the size of Chinese investment pretty clearly.

I am in the United States and return to Scotland on November 11th with plans to engage the Scottish Cities Alliance. I would really like to ensure that you are fully aware of our direction of travel in the private sector to help determine when and where the Government may become involved in what is seen as a game-changing scenario for our country.

With very best regards



Roddy Gow OBE

Chairman and Founder

Asia Scotland Foundation

China set to invest over £100 billion in UK infrastructure by 2025, says Pinsent Masons

- UK energy sector to absorb the largest flow of Chinese inward investment at £43.5 billion by 2025, followed by real estate (£36 billion) and transport (£19 billion)
- UK infrastructure landscape expected to be transformed by Chinese inward investment over the next decade
- Global infrastructure experts expect a rise in joint-ventures between UK and Chinese companies over the next decade

 Share

According to a report published today by international law firm Pinsent Masons and the Centre for Economics and Business Research (Cebr) '[*China Invests West: Can Chinese investment be a game-changer for UK infrastructure?*](#)', China is set to invest £105 billion into UK infrastructure by 2025.

The report finds that of the £105 billion, the leading recipients will be the energy, real estate and transport sectors. The UK energy sector will be the biggest target for Chinese capital, with investment in projects including nuclear energy, wind power generation and photovoltaic power generation could be set to reach £43.5 billion by 2025. The real estate and transport sectors could receive £36 billion and £19 billion respectively over the next decade.

Richard Laudy, head of infrastructure at Pinsent Masons, said:

"As the need to modernise UK's major infrastructure gets greater by the day, the projected influx of Chinese investment into UK infrastructure is expected to be a welcome boost to the construction industry in particular and UK economy as a whole. As a foreign investor China is going to become increasingly important for UK infrastructure by 2025. This means UK-China partnerships need to grow over the next decade.

"Our report finds that this level of investment is going to be a game-changer for the UK infrastructure. Over the past few years we have seen China's role as an investor evolve from making indirect investments through sovereign wealth funds – Chinese businesses are now becoming co-funders, co-developers and co-contractors in major UK infrastructure projects. We are already seeing this happen – for example, Beijing Construction Engineering Group making a major investment in Manchester Airport City."

UK and Chinese business leaders consulted for the report are already seeing a clear rise in the number of joint-ventures between UK and Chinese firms, including one of the largest real-estate developments in the UK, Royal Albert Docks in East London and the transformative development at Nine Elms in Battersea.

Business leaders also believe that the energy sector is expected to see a continued increase in Chinese investment in projects including offshore wind farm development and other key renewable power networks. However, the report finds that this will pick up significant pace in the latter half of the forecast period.

The report finds that as much as £19 billion will flow into transport such as roads, rail and airports. However, given the need to develop the current position in respect of policy on public ownership, planning policy and funding mechanisms, particularly in respect of project finance and investment returns and the restrictive effect that this can have on private investment, this investment is highly likely to come towards the end of the forecast period, in the 2020s. Therefore, according to the research no immediate flow is expected into transport.

The report, in addition to identifying the level of Chinese investment capital projected into UK infrastructure over the next ten years, expects China to use its vast domestic manufacturing capability and capacity to export equipment and materials for UK infrastructure and real estate projects where it is providing investment. This development is expected to change the landscape of the infrastructure industry in the UK as the Chinese enter the supply chain over the next ten years.

Richard said:

"Over the coming decade, we expect a significant increase in direct investment from the Chinese coming through in the shape of joint-ventures and strategic alliances. Four out of five of the world's largest construction and engineering companies are now Chinese with a growing appetite for infrastructure investment and with the potential to invest vast amounts of capital in advanced economies in Europe.

"Entry by China into the UK market will create significant sector opportunities to provide expertise on how to operate in the UK market effectively – from labour market regulations to the planning process and how to operate with the framework of EU regulations.

"However, with UK public finances still under pressure, uncertainty around government support for infrastructure is still a key concern for the infrastructure sector. If the UK wants to unlock Chinese investment to fill in the funding gap to modernise its aging infrastructure, the UK government will need to address issues around policy and further develop the pipeline for investment – delay and lack of clear commitment on policy will only create uncertainty for investors.

"Although, the flow of investment from China has already started – we expect this to be the beginning of a major trend as a trickle of major Chinese investment turns into a wave over the coming decade."

Report highlights

- Between 2014 and 2025, a total of £105 billion of Chinese money will flow into UK infrastructure and real estate investments, including a total of £43.5 billion into energy infrastructure, £19 billion into transport and other infrastructure, and £36 billion into real estate.
- Joint ventures and strategic partnerships with China's massive construction and engineering corporations to play a catalytic role to make this reality, transforming UK construction sector
- UK ranks third globally, out of 144 countries, in the Pinstent Mersons and Cebr Infrastructure Investment Attractiveness Index
- Chronic underinvestment has created an infrastructure need close to £500 billion in the UK, more than the £383 billion of projects set out in the UK's National Infrastructure Plan.
- UK's strained public finances and pressured household incomes create problem of affordability for infrastructure
- China's economy to become world's largest, approaching \$30 trillion by 2030
- Chinese savings to reach \$12 trillion in coming decade, representing more than 30% of global savings
- China to increasingly seek investments in advanced, innovative economies

Key Contacts



Richard Laudy

Partner - Head of Global Sector, Infrastructure

PRESS RELEASE ISSUED BY INFLUENTIAL ON BEHALF OF LIVERPOOL VISION AND THE MAYOR OF LIVERPOOL

LIVERPOOL SIGNS FRIENDSHIP AGREEMENT WITH INNER MONGOLIA

China's first 'football city' has announced a new official relationship with the Liverpool City Region.

Liverpool City Region has signed an agreement that will strengthen its bond with the Chinese Autonomous Region of Inner Mongolia – following the visit of a delegation from the region. The Memorandum of Understanding (MOU) agreement will see the two regions build on existing ties

and work together to create a positive, mutually beneficial relationship.

Hohhot, the capital of Inner Mongolia has been nominated as China's first Football City in a national program directed by President Xi that aims to create 20,000 football schools.

The agreement was signed by Bai Xiangqun, Vice-Governor of Inner Mongolia Autonomous Region Government and Wirral Council Leader and Liverpool City Region Combined Authority Lead for Economic Development & Energy, Phil Davies, on Friday, September 3rd. The signing was attended by members of the Inner Mongolia delegation, Liverpool Vision Chief Executive Max Steinberg and Director of Invest Liverpool Ellen Cutler.

Bai Xiangqun, Vice-Governor of Inner Mongolia Autonomous Region Government, said: "There are many opportunities to strengthen relationships with Liverpool. For example, Inner Mongolia has been tasked by President Xi with creating China's first "National Football Centre" which will not only bring the importance of this international game to the youth and social programs of China but strengthen international relationships in the many counties where China aims to build friendship and common interest in the "One Belt One Road" strategy. Liverpool has a strong heritage and great experience in this area, from which we can learn."

Ellen Cutler, Director of Invest Liverpool, said: "We're delighted to be formalising our relationship with this thriving region through the signing of this MOU. Inner Mongolia is one of the fastest growing economies in western China and we look forward to strengthening networks and exploring potential for mutually beneficial trade and investment opportunities. We hope to be able to send a delegation to Inner Mongolia in the near future and welcome the advent of this new chapter in the Liverpool City Region's relationship with this culturally rich, vibrant and progressive Chinese region."

Inner Mongolia is the second largest economy in western China. Urban disposable income per capita grew by 8.5 per cent in 2015 and the mineral-rich cities of Baotou and Erdos have some of the highest wealth levels in China.

During their visit, the delegation toured Liverpool City Region and met with Liverpool City and Wirral officials including both Cllr Phil Davies, Leader of Wirral Council and Ged Fitzgerald, Chief Executive of Liverpool Council.

ENDS

About Invest Liverpool

Part of Liverpool Vision, Invest Liverpool works with partners across the Liverpool City Region to attract investment. It provides a wide range of practical support services to companies interested in growing or establishing their business in the city region. From initial contact to project realisation, Invest Liverpool offers services such as help with bespoke intelligence and advice, reconnaissance visits and introductions to key networks and service organisations. If necessary, it also offers support and guidance around finance and financial incentives. Liverpool Vision is the city's economic development company and works within the strategic leadership of the Mayor of Liverpool.

www.investliverpool.com

About Liverpool Vision

Liverpool Vision is the city's economic development company which integrates economic development and business and enterprise support designed to accelerate the city's growth and build a sustainable economy. Liverpool Vision also plays a huge role in transforming perceptions of Liverpool, by communicating positive messages about the city nationally and internationally.

Liverpool Vision has played a pivotal role in co-ordinating the delivery of the city's economic and physical renaissance over the last decade working within the strategic leadership of the City Council and the Mayor of Liverpool.

Liverpool Vision has three (directorates) related functions; Marketing Liverpool, Invest Liverpool and International Festival for Business.

www.liverpoolvision.co.uk

For media enquiries contact:

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brown@thisisinfluential.com

Ruth Cobban
07814 556567
cobban@thisisinfluential.com
