

Document One**Cabinet Secretary for Culture, Tourism and External Affairs****REPORT OF VISIT TO REYKJAVIK, 12 TO 14 OCTOBER****BRIEF OVERVIEW**

I attended the Arctic Circle Assembly in Reykjavik between the 12 and 14 October to promote Scotland's relationship with the Arctic region, strengthen links with Iceland and increase awareness of our ambitious climate change and energy plans.

Whilst there I undertook a series of meetings with the President and Foreign Minister of Iceland. These meetings were useful in promoting ties with Iceland and understanding the current political situation in Iceland ahead of its elections on 28 October. The Foreign Minister was also accompanied by the incoming Icelandic Ambassador to the UK who is keen to work closely with us.

I also met with Anne Berner, Finland's Minister for Nordic Cooperation to discuss shared priorities before attending a high level dinner on board the MSV Nordica where I had the opportunity to discuss our interests in the Arctic with a number of Arctic Ambassadors including Segolene Royal, the French Ambassador for Arctic and Antarctic regions, and Harri Maki-Reinikka, Finland's Special Ambassador for the Arctic.

During the Assembly, I delivered a speech followed by a question and answer discussion as part of the conference plenary, which was facilitated by the former President of Iceland and Chair of the Arctic Circle Assembly, Olafur Ragnar Grímsson. I also had the opportunity to meet with Patricia Espinosa, Executive Secretary of the UN's Climate Change body to discuss Scotland's high ambition on climate change, followed by a meeting with Adnan Z. Amin, Director General of the International Renewable Energy Agency to discuss our shared interest in the promotion of renewable energy. Both were interested to learn I will be attending the Bonn climate talks and will look for opportunities to engage with us there.

On Friday evening, I hosted a reception to promote the Arctic Circle Forum in Edinburgh next month. This was well attended and guests included Karen Ellemann, Minister for Fisheries and Equal Opportunities and Minister for Nordic Cooperation and Unnur Brá Konráðsdóttir, the speaker of the Icelandic Parliament. Both of whom, I met.

Out with the conference, I visited Carbon Recycling International to learn more about its sustainable ethanol production process and the possibility to adapt the process for relevant use in Scotland. I also met with the CEO of WowAir to promote Scotland as the potential venue of a European Hub for WowAir's operations.

KEY OUTCOMES

- Increased awareness of Scotland's position on the Arctic and our commitment to deepening relations with countries across the region, including Iceland and the Nordics.
- Promoted the Scottish Government's commitment to high ambition on climate change and renewables, including the announcements in recent Programme for Government.
- Increased awareness of the Scottish Government's position on the EU and understanding of our efforts to protect Scotland's interests.

GOVERNMENT MEETINGS

- Guðni Th. Jóhannesson, President of Iceland,
- Guðlaugur Þór Þórðarson, Foreign Minister of Iceland
- Anne Berner, Minister of Transport and Communications and Minister for Nordic Cooperation, Finland
- Karen Ellerman, Minister for Fisheries and Equal Opportunities and Minister for Nordic Cooperation

OTHER ENGAGEMENTS, VISITS & MEETINGS

- Patricia Espinosa, Executive Secretary of the UN Framework on Climate Change (UNFCCC)
- Adnam Z. Amin, Director General of the International Renewable Energy Agency (IRENA)
- Skúli Mogensen, CEO of WowAir
- Benedikt Stefánsson, Director of Business Development and Ómar Freyr Sigurbjörnsson, Director of Sales and Marketing, Carbon Recycling International
- 'Scotland and the New North' Reception to promote Arctic Circle Forum
- Speaking slot during the Assembly plenary session


NICOLA STURGEON
FIRST MINISTER

Document Two

EXTRACTED FROM A WIDER BRIEFING FOR MEETINGS

BRIEFING NOTE 9

MEETING WITH SKULI MOGENSEN, CEO OF WOW AIR

Date/ Time	Friday 13 October, 14:15 – 15:00
Where	7 th floor, WOW air, Katrinartun 12, 105 Reykjavik.
Key messages	<ul style="list-style-type: none">• [redacted]• The Scottish Government fully recognises the key role the engineering industry plays in the Scottish economy and is fully committed to supporting and working with the industry to strengthen our foothold in world-renowned engineering expertise and technical capability.• [redacted]
Who	<p>Skúli Mogensen,</p> <ul style="list-style-type: none">• Founder, CEO and sole owner of WOW air.• Prior to founding WOW air Skúli spent 20 years as an entrepreneur and investor, primarily in the Technology, Media and Telecom Industry in North America and Europe.• Skúli sits on the board of many tech companies in North America and Europe and was awarded The Businessman of the Year Award in Iceland in 2011 and 2016. 
What	<ul style="list-style-type: none">• [redacted]
Why	<ul style="list-style-type: none">• [redacted] need to gain clarity on WOW Air's strategic direction.• [redacted]• <i>Demonstrate that Scotland</i> remains an attractive place to do business with a highly skilled workforce.• [redacted]
Official Support	[redacted] Private Secretary [redacted] Aerospace Specialist, SDI [redacted] Nordics Business Development, SDI
Attached documents	Annex A: Summary Page Annex B: Company Profile Annex C: Why Scotland? Annex D: Team Scotland Support

SUMMARY PAGE

Purpose of meeting:

[redacted]

Lines to take:

[redacted]

Key Facts:

- Glasgow is Scotland's largest city, with a population of over **600,000**, contributing approximately **£19.6bn** in GVA to the Scottish economy annually.
- Almost **19,000** companies make their home in Glasgow, and together they generate an annual turnover of just under **£38bn**.
- The greater Glasgow area accounts for **50%** of the aerospace industry in Scotland.
- There are **1.2m** people of working age within a 45 minute commuting distance of Glasgow, and over **2m** within a 1 hour commute.
- The median age of males is 34 with the median age of females being 36, **66.5%** of the population are of working age and workplace gross weekly earnings on average are around **£515.80**.
- Glasgow has **5** world-class universities and 3 colleges, educating **130,000** from **135** countries.
- Since 2011, Glasgow has attracted more than **£11bn** in capital investment within its support infrastructure, including housing, retail, health, education, hotels and offices.
- This investment and improvement has given the city access to internal and external markets and has provided a springboard for inward and foreign direct investment to the city across key sectors including Digital Technology, Financial Services, Creative Industries, Low Carbon, Life Sciences, Design & Manufacturing, Tourism & Events and Higher Education.
- Scotland has drawn many global industry names to locate here; Spire, Thales, Raytheon, BAE Systems, Rolls-Royce, Spirit AeroSystems, GE Aviation, UTC, Woodward, Teledyne, Vector Aerospace, and Babcock Marine.

The Scottish Aerospace Sector

Scotland is a strong contributor to the **UK's 13% share of the global aerospace market**. Indeed, taken together, the aerospace, defence and marine (AD&M) industry in Scotland is one of our highest value sectors, **employing nearly 40,000 staff**.

Aerospace in Scotland is a mature and highly developed industry with annual sales in the sector of **£1.6 billion and well over 8,000 direct aerospace employees**. We can boast extensive capabilities in both manufacturing and service sectors and benefit from the presence of some of the world's leading companies.

All the key elements of an internationally competitive aerospace environment exist in Scotland today, the product of traditional and **highly developed aerospace engineering and manufacturing skills** and a modern flexible and sophisticated workforce. This **highly skilled workforce**, with a very high proportion of graduates and industry leading apprenticeship programmes, is at the very heart of our success and is evidence of Scotland's commitment to future success.

The greater Glasgow area accounts for **50%** of the aerospace industry in Scotland: with both assembly/manufacture and a significant proportion of Scotland's Maintenance, Repair & Overhaul (MRO) taking place on site for both aerostructures and engines. A number of airlines including British Airways and Ryanair already operate their own MRO hubs in Scotland from Glasgow and Prestwick airports respectively. In addition Chevron Aircraft Maintenance based at Prestwick offer full aircraft MRO to a wide range of airline and aircraft leasing companies.

Scotland is also a centre for industrial research and design through the excellent engineering capabilities of BAE Regional Aircraft, Spirit and others.

[redacted]

WOW has an Icelandic Air Operating Certificate (AOC).

[redacted]

ANNEX B

COMPANY PROFILE

- WOW Air is a low-fare, long-haul airline based in Iceland.
- The airline was founded in November 2011 and serves **38** destinations across Europe and North America.
- Its inaugural flight was to Paris in May 2012, in that same year Wow air took over the flight operations of Iceland Express.
- WOW Air was awarded the Air Operator's Certificate (AOC) by the Icelandic Transport Authority in 2013.
- The company currently employs around **1,100** people. It is estimated that WOW Air's annual passenger capacity will grow from approximately 1.6 million in 2016 to **over 3 million** in 2017.
- WOW air is committed to providing the cheapest flights to and from Iceland and across the Atlantic.

WOW AIRCRAFT

- WOW air operates 3 Airbus A320 aircraft, 11 Airbus A321 and 3 Airbus A330.
- The A320 is the choice of many of the world's leading airlines and a perfect fit for their short haul flights between Europe and Iceland.
- For flights to North America, the airline operates the Airbus A321, the largest member of the Airbus A320 Family.
- WOW air's California routes are serviced by 3 Airbus A330 aircraft, the first wide-body jets in the WOW air fleet.
- They are proud to operate the youngest fleet in Iceland with the lowest emission.

ANNEX C

WHY SCOTLAND?

Management, Repair & Operations Hub

Scotland offers the perfect location for an airline hub with all of the necessary skills, airside and landside infrastructure and access to the European market. [redacted]. Scotland can supply an experienced aviation workforce, supply chain and skills pipeline [redacted]

Air Passenger Duty

In April 2018, the Scottish Government will introduce a new Air Departure Tax (ADT) to replace the UK Government's Air Passenger Duty (APD). The Scottish Government is committed to reducing air passenger duty by 50%. Currently the UK Government sets a common Air Passenger Duty (APD) for passengers departing from England, Scotland and Wales. For flights to Europe and other short-haul destinations this is £13 per passenger and for flights to North America and other longer-haul destinations this is £75 pp.

[redacted]

Engineering, Design & Manufacturing Excellence

Scotland's Aerospace, Defense, Marine and Security (ADMS) companies operate in a globalised industry open to intense competition. Scotland is a world-renowned centre of engineering expertise and technical capability, which has attracted leading companies such as **WOW Air** to locate operations here in order to tap into the skills and expertise that are available.

- [redacted]

- Scotland also provides pilot training through a number of companies working in collaboration with universities to provide pilots with both their licence and a degree. In response to the significant rise in pilot demand Scottish companies are tailoring their pilot training to meet the specific needs of airlines.

ANNEX D

TEAM SCOTLAND SUPPORT

Route Development

- The Scottish Government and its agencies (Transport Scotland, Scottish Enterprise, VisitScotland) work closely with Scotland's airports to further develop Scotland's aviation connectivity
- In particular, Team Scotland focus on direct air services between Scotland and countries and cities where business and tourism links are strong, which offer opportunities for future economic growth and have the greatest impact on increasing Scotland's sustainable economic growth.
- Strong connections to International hub airports are also a key priority.

Advanced Forging Research Centre (AFRC)

- The Advanced Forming Research Centre (AFRC) supports industry through applied research in state-of-the-art forming and forging, based on the need for evolving manufacturing methods to produce metallic parts of the highest structural standard.
- The AFRC enables companies like Wow Air to find solutions to industrial challenges using the latest technologies, developments and manufacturing ideas. The right equipment and on-site expertise provides the best R&D services in a robust and standardised way.

SMART: SCOTLAND R&D Funding

- A discretionary fund for companies with a base in Scotland that supports feasibility studies and research and development (R&D) projects that have a commercial endpoint.

BUSINESS IMPROVEMENT ACADEMY

- Business Improvement Academy puts people at the centre of sustainable change. It helps you become more productive, competitive and outward looking. Open to manufacturing and non-manufacturing businesses this approach leads to sustainable change through combining business improvement tools such as Lean Thinking with behavioural change.

R&D Grant Funding

- Research and Development grants of between 25% and 50% to support innovation and research projects, and tax credits to reduce costs.

Regional Selective Assistance (RSA)

- Regional Selective Assistance (RSA) is a discretionary grant available for businesses who want to develop a project in Scotland. Grants of between 10% and 30% of set up costs, depending on project size and location.

[redacted]

Document Three

From: [REDACTED]

Sent: 17 October 2017 11:08

To: [REDACTED]@scotent.co.uk>; [REDACTED]@transport.gov.scot; [REDACTED]@visitscotland.com; [REDACTED]@transport.gov.scot; [REDACTED]@transport.gov.scot

Cc: [REDACTED]@scotent.co.uk>

Subject: RE: WOW update

Dear all,

Attendees:

Skuli Mogensen, Founder & CEO, WOW Air

Svana Fridriksdottir, VP Comms, WOW Air

Daniel Snaebjornsson, VP Network Planning, WOW Air

Nicola Sturgeon, First Minister

[REDACTED], Nordics Field Office, SDI

[REDACTED], Aerospace Specialist, SE

FM Support staff (but they didn't contribute)

The meeting with WOW Air went well. The key issue for WOW is the Air Passenger Duty and their preference for it to be £0 to make the UK competitive with Ireland for USA flights. [REDACTED]

We provided them with SDI brochures and offered to continue the dialogue and to encourage them to speak to [REDACTED]

It was a short positive meeting but they left the ball with Team Scotland to resolve the tax issue and other issues like RSA or Route Development were secondary.

Do you have anything to add [REDACTED]?

Happy to discuss.

Kind regards,

[REDACTED]