

OFFICIAL - SENSITIVE

EU ENGAGEMENT REPORT	
Minister	Ivan McKee (IM) Minister for Business, Trade, Tourism and Enterprise
Type of engagement	Meeting (prior to business dinner and signing of MoU with Baden-Württemberg) at Trades Hall, Glasgow
Date	28 November 2022
Who	<ul style="list-style-type: none"> • Dr Nicole Hoffmeister-Kraut (NH-K), Minister of Economic Affairs, Labour and Housing, Baden-Württemberg (BW) • Dr Andreas Zimmer, Consul General for Germany
Key points	<ul style="list-style-type: none"> • NH-K indicated that it was good to be back in Scotland and to meet again with the Minister having met previously in Edinburgh. • NH-K commented that it was a challenging time with war in Ukraine and with economic difficulties. Energy and Hydrogen is very important to them and NH-K stressed that she was delighted to be signing the MoU – which will deepen coordination and support further opportunities to work closely together. In particular around cooperation in the field of hydrogen production, where Scotland and BW complement each other and where there are also innovative companies that can support this work. • NH-K provided background in relation to the delegation’s programme for their visit including the business team visiting Aberdeen. IM welcomed the Minister to Glasgow and commented that he was delighted to see such a large delegation including business interests. The visit is a perfect example of this collaboration in action, and we hugely appreciate you spending the time to visit Scotland to facilitate engagement and to learn more about our hydrogen sector. • IM delighted to sign the Joint Declaration with BW on the First Minister’s behalf. The MoU reinforces Scotland’s commitment to working with BW, not only in relation to hydrogen but other areas around our shared ambitions in climate and energy, business and entrepreneurship, research and innovation; and environment and species protection. • IM commented that Scotland is determined to play an important role in Europe’s future energy supply and in accelerating the global transition to net zero. IM spoke of accelerating the transition to green energy and provided an update on Scotwind. He also commented that we are clear on the direction through our Hydrogen Action Plan due to be published in December 2022 and we would share a copy when published. • NH-K indicated that BW are keen to move quickly on hydrogen. IM indicated that there is still work to be done in various areas

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	<p>but we would come back via the Consul General. He commented that we are looking at vessels for the transportation of hydrogen, but that we would like to be part of the European hydrogen backbone via pipelines, working in partnership with others.</p> <ul style="list-style-type: none"> • NH-K agreed to keep in contact and extended an invitation for the Minister to visit BW.
Comments	A warm meeting in which Minister Hoffmeister-Kraut expressed a strong desire to work more closely with Scotland across a number of areas, and in particular Hydrogen, and was keen for follow up engagement.
Attending officials	[redacted], European Engagement

Copy List	<p>Cabinet Secretary for Constitution, External Affairs and Culture Minister for Culture, Europe and International Development Scott Wightman Martin Johnson Frank Strang Donna MacKinnon Andrew Hogg James McLellan European Engagement Ewan Crawford Kate Higgins [rest of names redacted]</p>
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MINISTER FOR BUSINESS, TRADE, TOURISM AND ENTERPRISE

SIGNING OF JOINT DECLARATION AND RECEPTION DINNER WITH BADEN-WÜRTTEMBERG HYDROGEN DELEGATION

What	Dinner reception to include signing of our Joint Declaration of Intent
Where	Trades Hall, Glasgow
When	Monday 28 December, 18:00 – 21:00
Key discussion topics with points to make	<ul style="list-style-type: none"> • I am delighted to sign the Joint Declaration with Baden-Württemberg (BW) on the First Minister's behalf. The signing of this MOU reinforces Scotland's commitment to working with BW on our shared ambitions in climate and energy, business and entrepreneurship, research and innovation; and environment and species protection. • This delegation visit is a perfect example of this collaboration in action, and we hugely appreciate you spending the time to visit Scotland to facilitate engagement and to learn more about our hydrogen sector. • You will be aware of Scotland's potential to ensure security of supply of green hydrogen to Europe. To move onto the next phase of practical co-operation, we need to bring together politics, industry, finance and research to unlock the investment required for structures for import/export. The signing of this MOU will allow us to align our expertise and skills to develop practical plans in delivering on our shared green hydrogen ambitions. • Scotland is co-leading a hydrogen taskforce with South Australia as part of the Under2 Coalition's Net Zero Futures Policy Forum. The taskforce aims to facilitate dialogue between non-party states and governments on achieving a global green hydrogen market and we are currently extending its membership. If of interest, my officials would be happy to provide further details on how to join the forum.
Why	<ul style="list-style-type: none"> • An excellent opportunity to welcome the BW hydrogen delegation, led by Economy Minister Hoffmeister-Kraut. • To sign a joint declaration of intent between Scotland and BW.
Supporting official	[redacted], European Engagement, [redacted]
Who	 <p>Dr Nicole Hoffmeister-Kraut Hoffmeister-Kraut studied business administration at the University of Tübingen before receiving her PhD in 2001 from the University of Würzburg. She began her time in London at investment bank Morgan Stanley, before working until 2005 as an analyst at Ernst & Young in London and Frankfurt. In 2006, she returned with her family to her home town of Balingen.</p> <p>A member of the CDU, Hoffmeister-Kraut was elected to the state parliament (Landtag) of BW and appointed Minister of Economic Affairs, Labour and Housing in May 2016.</p>
Attached documents	<p>Annex A – Core brief Annex B – Joint declaration of intent text Annex C – Hydrogen and ScotWind Annex D – Higher Education & Research Annex E – International Climate Change and Biodiversity Annex F – Net Zero Futures Policy Forum Annex G – Baden-Württemberg brief</p>

CORE BRIEF**Background**

The reception is part of a three-day hydrogen visit to Glasgow and Aberdeen with businesses from BW together with Minister Hoffmeister-Kraut and a wider delegation including MPs from the Greens and (neo-liberal) FDP. The draft programme includes [redacted - regulation 10(5)(a) International relations].

Officials have agreed that Mr McKee and Minister Hoffmeister-Kraut will have a short meeting to discuss the delegation's visit to Scotland and areas of collaboration between Scotland and BW, particularly in the field of hydrogen technologies.

Agenda

Time	Item	Lead
18:15	Arrival and registration Private meeting Dr Hoffmeister-Kraut and Mr McKee	Dr Hoffmeister-Kraut (HK)
18:40	Guests seated	HK
18:45	Opening remarks by Dr Hoffmeister-Kraut, followed by Mr McKee	HK and Mr McKee
19:00 – 20:20	Dinner served with 'lightning talks' presented between courses	HK
21:00	Close	HK

Joint Declaration of Intent

Officials have been preparing a Scotland-Baden-Württemberg joint declaration of intent for some time now. The signing of the declaration was due to take place during the First Minister's planned visit to the state in October, with Minister-President Winfried Kretschmann (Win-freed Kretsh-man) having been due to travel down to Konstanz to sign the document in person with the First Minister. The planned signing of the document by both leaders demonstrates the importance of our relationship with BW.

BW is the final of our five priority states in Germany with whom we plan to sign an MoU. Scotland and BW are close partners and we share many common values and interests. Both are founding members of the Under2 Coalition, with BW passing on the European co-chairmanship of the coalition to Scotland in 2020.

The declaration will undertake to promote exchange and co-operation in the fields of climate and energy, business and entrepreneurship, research and innovation; and environment and species protection.

[redacted – out of scope]

Scotland's engagement in Germany

- Scotland's Germany Hub is focusing on agreements with five key states (Bavaria, BW, Hamburg, North-Rhine Westphalia and Rhineland Palatinate), alongside an emerging partnership with Lower Saxony on renewable energy, critical both to Germany's hydrogen import strategy and to Scotland's hydrogen export plans.
- Our growing engagement with H2 Bavaria has been positive and productive – a delegation from Bavaria visited Scotland in May, with Mr McKee signing a letter of intent.
- We are looking to develop three potential export routes from Scottish ports into Germany and northern Europe, potentially focusing each on different forms of hydrogen transportation in this rapidly developing sector (liquid / gas and tanker / pipeline), using Hamburg and Wilhelmshaven or Cuxhaven.

Hydrogen

- We have the resources, people and ambition to become a world leader in hydrogen production.
- As a trusted and reliable trading partner, Scotland could play a central role in securing Europe's future energy supply and accelerating the global transition to net zero.
- We are keen to develop renewable energy and hydrogen-specific partnerships to explore the development of the transnational value chains needed for the production of large scale hydrogen with potential export routes from Scottish ports into northern Europe.
- The signing of this MOU will strengthen Scotland's working relationship with BW while we work to capture the economic opportunity presented by the development of a strong hydrogen economy in Scotland and to secure Scotland's place as an exporter within the growing global market.
- Officials are engaging with counterparts in the Federal Research and Economy Ministries on the development of a joint Scotland-Germany 'Hydrogen Day' conference to be hosted in Berlin early next year (date tbc).

[redacted – out of scope]

Upcoming engagement with Germany

- **1-2 Dec** – Ambassador Miguel Berger visit to Scotland: hydrogen and trade roundtable with **Mr Matheson**; dinner with **Ms Slater**; and a meeting with **FM**
- **2-5 Dec** – **Mr Robertson** visit to Berlin for St Andrew's Day reception, launching the Scottish folk festival (Showcase Scotland)

Recent engagement with Germany

- **26 – 29 Sep 2022** – **Mr McKee** attended the WindEnergy Hamburg conference
- **21 Sep 2022** – **Mr McKee** spoke virtually at the Nuremberg Hydrogen Dialogue
- **24-25 May** – **Mr Gray** attended Institute for Trade and Investment Offenburg Symposium in Baden-Württemberg
- **April 2022** – **Mr Robertson** attended Ludwig Erhard Summit in Bavaria
- **Feb 2022** – **Ms Forbes** and NRW Economy Ministry signed Joint Declaration of Intent on co-operation in the areas of Economy, Energy and Climate

- **25 Nov 2021 – Mr Matheson** signing of Scotland / Hamburg MoU on hydrogen

JOINT DECLARATION OF INTENT TEXT

Joint Declaration of Intent on Cooperation between

**the Scottish Government,
represented by the Minister for Business, Trade, Tourism and Enterprise, Ivan McKee MSP, on
behalf of the First Minister**

and

**the Government of Baden-Württemberg,
represented by the Minister of Economic Affairs, Labour and Tourism, Dr. Nicole Hoffmeister-
Kraut MdL, on behalf of the Minister President**

Scotland and Baden-Württemberg (hereinafter: the partners) are linked by close and diverse cooperation, particularly in the areas of climate and energy, business and entrepreneurship, research and innovation; and environment and species protection.

As partners in the Under2 Coalition and other international networks, Scotland and Baden-Württemberg share common values and interests in sustainably protecting our environment, our people and our prosperity.

With similarly long traditions of excellence in research and innovation, and shared values in prioritising action on the climate crisis, Scotland and Baden-Württemberg undertake to promote exchange and cooperation in the fields of renewable energy and hydrogen, business, environment, future technologies, science, research. This cooperation should contribute to the common goal of a sustainable, green recovery in Europe in a manner that supports a net zero and climate resilient economy whilst delivering fairness and tackling inequality through a just and fair transition.

On the occasion of the visit Baden-Württemberg to Scotland in November 2022, the partners reaffirm their intention to further deepen bilateral cooperation in the areas below. The work of the Scottish Government representation in Germany and the Baden-Württemberg overseas office in the United Kingdom, as well as our respective offices in Brussels, make an important contribution to this cooperation.

(1) The aim of this joint declaration is to strengthen and develop cooperation across areas where the partners share priorities and face similar challenges, for example across climate protection and the Under2 Coalition; energy transition and building a hydrogen economy; economy, trade and investment; research and innovation; and health care.

(2) Through dialogue between government ministries, agencies, third party institutes, organisations and networks in Scotland and Baden-Württemberg, joint activities will be supported in the areas outlined in (1), in particular:

- a) environment and climate protection;
- b) renewable energy production and distribution;
- c) e-mobility, hydrogen and the decarbonisation of industrial processes;

- d) the life sciences, including health care and health technologies;
- e) space technologies, AI and digitalization;
- f) entrepreneurship and public sector innovation;
- g) higher education, science and research;
- h) sustainable tourism; and
- i) the creative industries.

(3) In addition, Scotland and Baden-Württemberg may cooperate in further areas of joint interest and, for example, support their partnership working through cultural activity as appropriate.

(4) This is planned to be taken forward through means such as:

- i. ministerial exchange and exchange between government and economic representatives;
- ii. engagement in global and European networks such as the Under2 Coalition, Vanguard Initiative and the Districts of Creativity Network;
- iii. professional knowledge and information exchange;
- iv. trade missions and engagement between business organisations and at company level; and
- v. events and networking to support cooperation and collaboration.

(5) The Baden-Württemberg State Ministry and the Scottish Government intend to develop an action plan together and to designate contact persons for the coordination of activities described under point (4). They plan to engage regularly for planning purposes and to discuss progress. They also plan to seek to involve wider stakeholders such as economic development, energy and innovation agencies, higher education and research institutes, trade associations and business networks in ongoing activity.

(6) The partners share the view:

- a) that this joint declaration does not in any way restrict the partners in undertaking similar activities with other public or private bodies, organisations or individuals;
- b) that this joint declaration is not meant to create any rights or obligations under international law;
- c) that implementation of this joint declaration and of individual projects is subject to the financial parameters applicable to the respective partners and the availability of funding. Unless the partners agree otherwise, each partner will bear the costs incurred in its implementation of this joint declaration, including any expenses relating to travel, accommodation, and incidental costs;
- d) that this joint declaration may be amended at any time by mutual consent; amendments should be made in writing; and
- e) that they will review this joint declaration after a period of five years, in order to reframe its focus if necessary in light of sectoral developments.

This Joint Declaration of Intent was signed in English and German, both texts being equivalent.

Glasgow, 28 November 2022

For the Scottish Government

For the Government of Baden-Württemberg

Ivan McKee
Minister for Business, Trade, Tourism
and Enterprise

Dr Nicole Hoffmeister-Kraut
Minister of Economic Affairs, Labour and
Tourism

HYDROGEN AND SCOTWIND

Top Lines

- Scotland has the resources, the skills and the ambition to become a world leader in hydrogen production. Our **Hydrogen Action Plan** (to be launched early December) will set out how we will work collaboratively with the energy sector to drive progress between now and 2026, with a specific chapter on exports.
- Scotland is already taking action to enable the future trade of hydrogen, including through our **Scot2Ger** project which reinforced our capability to **supply the German market with green hydrogen as early as 2025**.
- Where Germany's hydrogen strategy stated that **Germany is looking to import ~90-110 TWh of green hydrogen**, analysis from 2020 shows that **Scotland will be able to produce up to 94 TWh of green hydrogen for export by 2045**, generated to a large extent from the 28 GW of offshore wind capacity from the recent ScotWind leasing round.
- We are working with European partners to support the development of the **infrastructure and global supply chains** required to enable the trade of hydrogen, and to ensure Scotland is connected to the European Hydrogen Backbone.
- We are currently assessing the most cost-effective options for transportation of hydrogen. Scotland is only 750km from the German coast and so it is likely that a number of different options could all be used. Pipelines have been illustrated to be the cheapest option for transporting large volumes of hydrogen across long distances.
- [redacted - regulation 10(4)(e) Internal communications]
- It is crucial to ensure that regulations and certification schemes developed in the UK are **aligned with the EU**, providing a clear and cohesive methodology for export to promote the flow of trade between the UK and Europe and reduce market access barriers.

ScotWind Electricity Production

- We already generate enough renewable electricity in Scotland to cover the equivalent of 98.8% of our gross final consumption.
- Scotland's enormous potential for offshore wind has not changed; in fact we have made big progress in recent years. Subject to planning and consenting decisions and finding a route to market, we have a current reported potential pipeline (subject to change) of over 40 GW of offshore wind projects – the equivalent to produce enough electricity to power every home in Scotland for 17 years or every home in the UK for over a year and a half^[1].

^[1] These calculations are based on 40GW new offshore wind capacity operating at 51% load factors, powering homes with consumption averaging 3,880kWh/year. Figures taken from: [BEIS Electricity Generation Costs \(2020\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/531212/BEIS_Electricity_Generation_Costs_2020.pdf); [Energy consumption in the UK 2021 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/531212/BEIS_Electricity_Generation_Costs_2020.pdf)

HIGHER EDUCATION AND RESEARCH

[redacted – out of scope]

Scotland-Germany Hydrogen Research Awards

- The Scottish Government launched a small bilateral scheme last year to foster research- and practice-based partnerships between Scotland and Germany to lead the way towards a decarbonised future.
- This was launched alongside the Scottish Government's draft Hydrogen Action Plan which articulates the actions that will be taken over the next five years to support the development of a hydrogen economy to further our efforts to reduce greenhouse gas emissions from Scotland's energy system while ensuring a just transition.
- Four projects have been successful under this scheme delivered by the Royal Society of Edinburgh with each receiving between £10-30 K in funding grants.

INTERNATIONAL CLIMATE CHANGE AND BIODIVERSITY

ANNEX E

[redacted – out of scope]

ANNEX F

Net Zero Futures Policy Forum Policy forum – recruitment lines

Scotland is co-leading a hydrogen taskforce with South Australia as part of the Under2 Coalition's Net Zero Future Forum. The taskforce aims to facilitate dialogue between non-party states and governments on achieving a global green hydrogen market, with a focus on challenges such as international regulatory cooperation and other market access barriers, supply chain development, and the transportation and storage of hydrogen.

The taskforce was launched during COP27 and we are now looking to extend the membership to other regions and sub-national governments with strong hydrogen aspirations. There would be value in adding the expertise that BW have in the development of the hydrogen sector to the taskforce.

[If appropriate]: Scottish Government officials would be happy to provide further details on practical arrangements for joining the Policy Forum and any of the specific taskforces.

Net Zero Futures Policy Forum Policy forum – background

- Scotland is co-chairing the Net Zero Futures Policy Forum - an international partnership of governments committed to addressing the practical challenges of achieving net zero emissions and accelerating this transition.
- This is an Under2 Coalition initiative with independent governance and funding but it is open to all open to state, regional and other interested governments, including those who have not joined the Under2 Coalition.
- We are determined to use the Forum as a vehicle for practical collaboration and action to inform the development of best-practice policy solutions.
- The current taskforce focus on transport emissions, green hydrogen and nature-based solutions reflect the areas where Policy Forum members currently see greatest benefit in collaborating to unlock the full potential of these solutions in reducing emissions.
- Our vision is for a truly international Forum, bringing together likeminded international peers and unlocking research and collaboration opportunities that underpin policies to achieve deep decarbonisation. We therefore welcome all prospective members who are willing to pool experience and expertise to address the issues which are uniquely encountered by state and regional level governments.

BADEN-WÜRTTEMBERG [Bah-den Vuerttemberg]

[redacted – out of scope]



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