

EU ENGAGEMENT REPORT	
Minister	Ivan McKee (IM) Minister for Business, Trade, Tourism and Enterprise
Type of engagement	Meeting with Bavarian delegation, including: <ul style="list-style-type: none"> • Hubert Aiwanger (HA), Deputy Minister-President and Minister for Economic Affairs, Regional Development and Energy • Professor Veronika Grimm (VG), Board Member at H.2 Bayern • Alexander König (AK), Vice-Chair of CSU Parliamentary Group
Date	13 June 2022, 8:45-9:30 am
Summary & Actions	<ul style="list-style-type: none"> • IM welcomed HA and the Bavarian delegation to Scotland and expressed his appreciation that they had made the time to discuss hydrogen and opportunities to co-operate on the associated technologies. • HA affirmed that Bavaria intends to increase its consumption of hydrogen and recognises Scotland's potential as a supplier, asking how SG regards the potential to supply more hydrogen and renewable energy. IM stressed Scotland's significant offshore wind energy potential and the 25GW of generating capacity set to be produced after the latest ScotWind leasing round. IM confirmed we are in contact with the German Government and referred to the visit of Federal Government Hydrogen Commissioner Dr Stefan Kaufmann at the start of May. HA added that the Bavarian government is also liaising with Dr Kaufmann and stressed the importance of coordination between the federal, state and Scottish strategies. • HA outlined Bavaria's interest in technological co-operation, referring to the electrolyzers and fuel cells being produced in Bavaria, and inquired whether there is a possibility for Bavarian businesses to invest in hydrogen projects in Scotland. IM indicated Scotland's own interest in technological co-operation, in areas such as transport distribution, residential heating, and industrial uses. Scotland has existing partnerships in this area for technological support but remains eager to find new partners within the hydrogen eco-system and bring in further investment to support the significant challenge of increasing production to meet the required levels. • HA asked whether the model underpinning Scotland's hydrogen economy was based on a top-down model with strong government involvement or more of a free market approach. IM stressed the importance of government playing a role but also that businesses and investors would be the key players. Referring to the objectives set out in the Letter of Intent of intensifying the development of a hydrogen economy on political, business and research levels, HA asked for IM's thoughts on the best approach to push this agenda in the quickest manner. IM stressed the importance of all three levels and the need for businesses and investors to be aligned with the political level, as it sends signals

	<p>of confidence to the market. In line with this, both sides expressed enthusiasm for establishing working groups with central contacts through which to liaise, to ensure the document is followed by concrete actions and momentum is established with tangible results.</p> <ul style="list-style-type: none">• With regard to the transport of hydrogen to Bavaria, HA asked about the proposed methods of transportation, including ship or pipeline. IM explained that while certain technological and commercial issues are yet to be resolved, a combination of modes of transport will likely be used and that Scotland is keen to establish clarity on this as soon as possible. VG explained that pipelines to Bavaria will only be available from 2030 onwards but that until then hydrogen could be transported by river vessels, train or truck. It will be important to explore what the optimum interim modes of transportation will be, including the interim use of hydrogen derivative ammonia or a liquid organic carrier (LOHC).• The relative benefits of Scotland as a hydrogen supplier were discussed, with HA outlining Bavaria's impression that hydrogen can be procured more quickly from Scotland than North Africa. IM acknowledged that having multiple sources for supply will be important given the anticipated demand for hydrogen. He reiterated Scotland's eagerness to work with Bavaria and others to ensure investment is in place to speed up supply and help to reduce prices of hydrogen to a commercially viable level, priorities strongly shared by Bavaria.• AK inquired as to a potential timescale for hydrogen supplies and whether contracts with suppliers are already in place regarding infrastructure. IM referred to ongoing conversations in this area and our willingness to share information on this with Bavarian counterparts. When questioned on the possibility that restricted capacities may lead to specific parts of industry being prioritised for early hydrogen shipments, IM stressed that Scotland sees this differently and that if hydrogen use is regarded as restricted in any way then the volume of production may be similarly restricted. Scotland is therefore keen to see hydrogen deployed in all these areas in parallel. While there are differing opinions on how widely hydrogen can feasibly be used (with cars likely to move to electric motors and domestic heating to be based on insulation and heat pumps), Scotland intends to deploy hydrogen in as many areas of possible.• VG asked what Scotland most needs from partner regions with regard to hydrogen. IM answered by stressing the importance of showing alignment of intent on the political level, while fostering vital technological cooperation. With regard to funding, it is
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	<p>important that the government plays a role but the majority of investment will come from the private sector.</p> <ul style="list-style-type: none"> • HA asked whether Scotland anticipates resistance to wind farms as we move to exploit Scotland’s wind potential to its fullest extent. IM expected any political issues to be manageable and explained that the ScotWind consenting process had generated experience of how to reach solutions on this. • HA thanked IM for meeting him and the delegation and expressed his pleasure to be able to sign the Lol immediately after the meeting and deepen our cooperation in this area.
Comments	<p>A positive meeting with an engaged group of Bavarian government officials, parliamentarians and key hydrogen stakeholders. This was a good opportunity to stress Scotland’s hydrogen export potential and gauge Bavaria’s own (evidently strong) interest in further partnership, while gathering more insight on which modes of transportation are currently envisaged. The signing of the Letter of Intent, sitting beneath the existing MOU with Bavaria, represents an important milestone but needs to be followed up by active joint engagement, which the Germany Hub will work with Hydrogen colleagues to realise. The cluster event held at the same time as the ministerial meeting for the wider delegation, including pitches from Bavarian and Scottish businesses active in the hydrogen sector, was well received. Bavaria’s social media coverage reflected this positivity, in addition to our own positive coverage of the meeting.</p>
Actions	<ul style="list-style-type: none"> • SG officials to share relevant information on infrastructure with Bavarian counterparts. • DEXA officials to pass invitation to Bavarian Hydrogen Dialogue to Mr Matheson. (Complete) • DEXA officials to liaise with colleagues in Bavaria on best ways to follow up on signing of Lol. • SG officials to share findings of investigations into combination of devolved and reserved regulatory authority over hydrogen export.
Attending	<p>[redacted], Officer, SG Berlin Office, DEXA</p>
Copy List	<p>First Minister Cabinet Secretary for Net Zero, Energy and Transport Cabinet Secretary for Finance and Economy Cabinet Secretary for Constitution, External Affairs and Culture Minister for Culture, Europe and International Development Scott Wightman [redacted] Kersti Berge Martin Johnson Andrew Hogg Frank Strang [rest of names redacted]</p>