

Introduction

1. Good morning, Convenor and Committee members. I'd like to thank you for the opportunity to attend and speak with you this morning – in what is my first appearance before you as Cabinet Secretary for Net Zero and Just Transition.

2. This Government is committed to realising the incredible opportunity before us to deliver a growing and greener economy – one of the three primary missions the First Minister set out in his statement to Parliament of 18 April. As the First Minister articulated, we will use all the powers available to us to create an economy which is fair, green, and – with growth – will support our businesses and trade to thrive.

3. As I set out in my own commitment to Scotland, we must reduce our carbon emissions, protect our natural world, and achieve net zero – yes; we must do so urgently, but we must also do so fairly, and we must be ready to seize the opportunities this transition presents for Scotland. A just transition means accomplishing our climate targets in a way that is fair, that optimises the social and economic opportunities of a greener future, and which leaves no one behind. Change is necessary but it must be managed carefully. We cannot allow to be

repeated that which was done to our coal and steel communities in the past.

4. My portfolio has a cross-cutting and ambitious focus on the Scottish Government's entire net-zero policy design and delivery, and the very fact that we have positioned Just Transition at Cabinet level signifies the Scottish Government's commitment to ensuring the transition to net zero is indeed a just and equitable one.

5. I'd like to remark at the outset that the Scottish Government welcomes this inquiry, and I am grateful for the insights of witnesses and Members throughout its sessions. We welcome the inquiry's remit – considering together how we can best support our industrial sector, and those participating within it, to harness the economic, employment and environmental opportunities the energy transition presents. We also welcome the specific focus upon Grangemouth: a central cluster of industrial heritage, infrastructure and manufacturing excellence; which we see as integral component of Scotland's industrial strengths today, and in our net zero future.

6. Net zero presents immense prospects. We were at the forefront of the industrial revolution. With the talent of our people, our ingenuity and industrial assets we can position ourselves to

be at the forefront again. Achieving this, however, requires the Scottish Government, the UK Government, our regions, businesses, people and communities to all work together in partnership.

7. Scotland's industrial emissions have fallen by over 10 million tonnes of CO2 equivalent between 1990 and 2020. We have also seen significant decarbonisation to date at Grangemouth. However, the industrial sector, as a collective, today still accounts for over 20% of Scotland's total greenhouse gas emissions – and that is why we must, urgently, do more.

Just Transition and Planning

8. Just Transition, at its core, is about carefully managing major shifts in our economy as we move to net-zero; using evidence to identify the risks and benefits, and finding ways to share them equitably through collective action. The Scottish Government has identified that the best way that we can support this is through Just Transition Planning.

9. Grangemouth is an area of immense industrial activity and economic value, and changes may be felt more intensely here than elsewhere. That is why – as announced in the Programme for Government – we have committed to develop a *dedicated*

and focussed Just Transition plan for Grangemouth – precisely to recognise the unique potential the site holds.

10. It is vital that these plans are co-designed and co-delivered by all who stand to be impacted by the change. This means working with the operators themselves, their workforce, trade unions, and wider communities; whose lived experience is inseparable from the developments and operations of the industrial cluster.

Energy Strategy & Just Transition Plan

11. The draft Energy Strategy and Just Transition Plan communicates our vision that, by 2045, Scotland will have a flourishing, climate friendly energy system delivering affordable, resilient and clean energy supplies for Scotland's households, communities and, importantly in the context of this inquiry, *businesses*.

12. By taking the right strategic decisions now, we can capitalise early on the enormous opportunities that the transition offers to our energy generating and industrial sectors. Scotland's rich renewables prowess means we can not only produce the clean, affordable electricity to power Scotland's economy, but in time also create significant, new trade potential;

supporting jobs and decarbonisation here in Scotland and the decarbonisation ambitions of our partners. In parallel with we must continue to ensure investment in our infrastructure needs – and, critically, see the necessary UK Government supporting effort – to roll out vital enabling technology, like hydrogen and carbon capture: technologies central to the future sustainability of our major sites.

13. We have the potential to produce 5GW of hydrogen in Scotland by 2030 and 25GW by 2045: a chance to rapidly scale up Scotland's hydrogen economy. Our industrial base, and especially Grangemouth with its assets, infrastructure and highly skilled people – as indeed the Committee has heard from personally – is well-positioned to be a major hub in the development and deployment of hydrogen.

14. With its infrastructural advantages, we hope to see Grangemouth decarbonise and so too facilitate the shared decarbonisation of the wider Central Belt industry, offering competitive advantage in a carbon constrained world. The longstanding experience in oil and gas at the site provides a centre of much expertise and transferable skills to this journey.

GFIB & Grangemouth Just Transition Plan

15. As the Committee has heard in previous sessions, the Scottish Government and our partners, through our Grangemouth Future Industry Board, have already started the planning and engagement process to promote the just transition and futureproofing of Scotland's foremost manufacturing cluster.

16. The Grangemouth plan will be nuanced, regional and place-based. It will set out a collective vision for the cluster in 2045 and chart the careful actions which are required to create the conditions for success – paying heed to what's happened in the past, and making sure everyone has a say in what could happen in the future.

17. We will provide clarity and support to workers, businesses and the community during this period of transformation. I was pleased to visit the site recently – in one of my first visits following my appointment – to gain a first-hand appreciation of the scale, ingenuity and the vital importance of the complex to Scotland's economy and energy security. The justness of our transition will be judged by how we deliver for sites like Grangemouth.

Conclusion

18. Lastly, I must emphasise that we are at the beginning of a process for which there is no blueprint to follow. This is one of our first Just Transition plans, and the first that focuses simultaneously on an industrial site, and a place. This is a bold and novel approach, one which will involve a wide range of participants, and I am under no illusion that this will be, at times, challenging. I therefore cannot overstate the importance of giving due attention to the initial design of our approach, to ensure that everyone who should be involved can be. This is something that we are committed to doing meaningfully.

19. It is my sincerest belief that the Committee's review comes at the right time to support us in this endeavour, and that your recommendations and insight could prove highly valuable in guiding this ongoing and novel work.

20. And I look forward to discussing this topic with you in detail this morning.

1,260 words