

EU Referendum: Reaction, Impact, Priorities and Opportunities

Context and discussion paper

1. The National Economic Forum (NEF) provides an opportunity for business leaders across Scotland, as well as academic and civic representatives, to engage directly with Scottish Government Ministers. It provides an opportunity to shape the development and delivery of key economic policies.
2. This Forum seeks to build a better understanding of the reaction and impact of the EU Referendum on businesses of all types across Scotland, recognising the importance of free movement of labour and access to the single market, and exploring these issues in much more detail in order to identify the key priorities for business.

EU Referendum Result

3. Scotland voted 62% remain to 38% leave in the EU Referendum with all local authority areas across Scotland voting to remain. The Scottish Government's priority is to protect all of Scotland's interests and explore all options to ensure Scotland's continuing relationship with the EU. Five key interests are guiding the Scottish Government's consideration of options to protect Scotland's place in Europe:
 - i. Democracy – making sure Scotland's voice is heard.
 - ii. Economic Prosperity – protecting jobs, investment and single market related trade.
 - iii. Social Protection – safeguard social, employment and environment protections.
 - iv. Solidarity – countries working together to tackle global issues like climate change.
 - v. Influence – opportunity to shape rules Scotland, its people & businesses, must abide by
4. Key economic facts about Scotland's relationship with the EU are available at: <http://www.gov.scot/Topics/Economy/national-economic-forum/Meeting6February2008/October2016>

Discussion sessions

5. Engagement with businesses so far, along with intelligence from SCDI who are working with the Scottish Government to deliver this Forum, highlights international trade conditions and labour market impacts. However we know that a wider range of issues have been identified by companies in different sectors and of different sizes. We want to know what you need from the EU, the UK and the Scottish Government. What do you need negotiations to secure? What is the impact on any new business opportunities you are exploring. And what, if any, government support would help? All discussion sessions are therefore encouraged, to explore the interaction between trade and labour market concerns or business opportunities and wider considerations in the round using the following indicative questions as a starting point:
 - **What are your key issues and priorities in response to the EU referendum? How can the Scottish Government most effectively assist? and what is the role for others?**

Trade

- **How important do you consider membership of the Single Market and the EU customs union relative to adopting WTO rules in place of EU membership? For what reasons?**
- **How do you anticipate the current weakness in sterling, if maintained, might impact on business development? How do the opportunities and potential challenges of volatility in exchange rates impacting input prices vary across sectors**

Labour market

- **What would be the impact on your business, directly and indirectly, of a labour market which lost access to EU nationals through restrictive immigration controls? How might the impacts vary across sectors, specialisms or geographies?**

EU Funding

- **How do you currently benefit from employability support services and how would reduced skills and labour market funding which impacts on employability services affect your investment or development plans?**

Regulation

- **What are the key Scottish labour market priorities which should be maintained or renegotiated with the UK Government?**
- **Where may regulatory opportunities arise going forward and in what areas may a distinctive Scottish approach be beneficial?**

6. There is an opportunity to develop a coherent view from businesses across Scotland to demonstrate their full and effective engagement in the EU negotiation process. This collective view should seek to identify the priorities throughout that process and key relationships and frameworks that are necessary further into the future to create the best environment for economic growth for Scotland. The realities are that there could be additional costs to businesses as both suppliers and consumers of products as well as the need to negotiate new relationships and possible re-negotiation of existing terms and contracts. Scottish business can undertake long term thinking in relation to themselves and the wider economy, focusing on what the future economy needs and how this can be secured through the negotiation process with the support of Scottish Government. This session will help with articulating what the key issues are for Scottish business to ensure that growth opportunities are optimised and the challenges that are presented by the process can be addressed.