

### An independent Scotland in the EU





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### Summary

Joining the EU as an independent nation offers Scotland the chance to regain what has been lost because of Brexit and what devolution cannot deliver. For the first time, Scotland would be at the table advancing Scotland's interests directly in the EU. An independent Scotland would contribute positively to the EU and its member states.

The evidence that informs this summary, as well as references to sources, is provided in the full text.

#### Scotland, the UK and EU

The historic nation of Scotland entered into a voluntary political union with the nation of England in 1707. Within that union, Scotland has always retained distinctive national institutions and systems.

The UK Parliament retains control of macroeconomic policy, foreign policy and defence, and most social security and taxation powers.

Devolution and the re-establishment of the Scottish Parliament has demonstrated the advantages of self-government for Scotland. In 2014 people in Scotland voted in a referendum on whether or not to become independent. This followed a campaign in which commitments were made by those arguing against independence that voting 'No' was the only way to secure Scotland's place in the EU.

Scotland shares the EU's founding principles and core values – based on human dignity, equality, rule of law, freedom, democracy and human rights. This was made clear when the people of Scotland voted decisively to remain in the EU in 2016.

Brexit has prompted renewed debate over whether it is better for Scotland to be independent and inside the EU as a member state in our own right.

The paper presents evidence that the Westminster government's decision to pursue a 'hard Brexit' has resulted in Scotland losing out economically, socially and culturally. The Westminster approach to negotiations was characterised by unnecessary friction with the EU and disregard for the views and interests of the people of Scotland.

Scotland has been removed from the single market and the EU's network of highly favourable trading relationships across the world. The people of Scotland have lost their right to live, work and study across the EU.

Scotland is therefore in a unique situation – a country in a voluntary union of nations removed from the EU and its single market against the wishes of the majority of its people.

#### EU membership would bring many benefits to Scotland

Evidence shows that EU membership has economic, societal and cultural benefits. It would:

- mean Scotland was part of the world's largest single market, with free movement of goods, services, capital and people. This market is seven times the size of the UK so Scottish firms would be able to trade freely with more businesses and sell to more customers
- provide more and better opportunities for training and employment for people in Scotland.
   We could attract and retain people from across the EU to sustain our businesses, world-leading universities and public services
- create opportunities to foster cultural exchanges and develop research partnerships to promote the prosperity and wellbeing of our citizens
- place Scotland at the heart of an organisation with global reach. We would work together
  with our partners to develop EU policies and collaborate on tackling global challenges such
  as climate change
- allow Scotland to regain access to the EU's law enforcement tools, which help in the fight against cross-border crime and threats

And as an EU member state an independent Scotland would have direct representation across EU institutions. This would enable Scotland to contribute to collective decisions which reflect Scotland's priorities through democratic and transparent processes.

The paper sets out these and many more benefits of EU membership.

#### Scotland has much to offer the EU as a member state

Just as the EU has lots to offer Scotland, so Scotland has much to contribute to the EU as a member state. For example:

- Scotland's strengths in renewable energy, research, development and innovation could help the EU develop technologies of the future and contribute to the transition to net zero
- Scotland's world class colleges and universities would once again welcome Erasmus+ students from EU countries
- Scotland's vibrant culture would make an important contribution to a dynamic and forward-looking EU

An independent Scotland would be well placed to contribute to the EU's values. The Scottish Government is committed to contributing to the shared EU agenda of social justice and the pursuit of a fairer and greener society.

#### Independence is the only realistic way to achieve EU membership

An independent Scotland's EU membership would not be at the expense of the valuable relationships we have, and will continue to have, with the UK. As a member of the EU, an independent Scotland's trading relationship with the rest of the UK would be governed by whatever agreed trade arrangements between the EU and the UK were in place at the time. The other nations of the UK and Ireland will remain Scotland's close and valued friends.

The paper sets out the process for joining the EU. It shows that Scotland already has the knowledge and networks to underpin successful EU membership. Scotland's laws are already highly aligned with EU laws. As a result, this Scottish Government is clear that Scotland would be well placed to fulfil the requirements of the accession process smoothly and quickly.

The Scottish Government's proposal is that an independent Scotland would apply to re-join the EU as soon as possible.

Scotland would be in an unprecedented situation. No other country has been taken out of the EU and its single market against its will. Nor has any other country applied to re-join the EU.

The majority of people in Scotland, the Scottish Parliament and the Scottish Government never wanted to leave the EU. EU membership is central to Scotland's future economic and social success. Independence is the only realistic way to achieve it.

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# Foreword by the Cabinet Secretary for Constitution, External Affairs and Culture

In the 2016 referendum on European Union (EU) membership the people of Scotland voted by a margin of 24 percentage points to reject Brexit, with a majority for remain recorded in every one of Scotland's 32 local authorities.

Despite that clear democratic expression by the people of Scotland we have been removed from the EU against our will. And Scotland is now suffering the disastrous outcome of the hard Brexit negotiated, and hailed as a fantastic deal, by the Westminster government.

What makes this even more unacceptable is the fact that during the 2014 independence campaign the Westminster government cited the UK's membership of the EU as a reason to reject independence.

In this, the seventh paper in the 'Building a New Scotland' series, we set out the values Scotland shares with the EU, the benefits of EU membership and the contribution Scotland can bring to the EU as a new member state.

Perhaps above all the paper demonstrates the value the Scottish Government places on co-operation and partnership in place of confrontation.

It is that approach that we seek to bring both to our aspiration to regaining our place in the EU as well as to what I believe will be a new and better relationship with our closest friends in the rest of the UK.

Given the position of the main parties at Westminster, the only route back to the EU for Scotland is by becoming an independent country.

Scotland's journey to re-joining the EU – this time as a member in our own right with a seat at the EU's decision-making tables for the first time ever – is through a legal, democratic process to decide on Scotland's independence, and by following the normal accession process.

People in Scotland have voted to elect a Parliament with a substantial majority in favour of an independence referendum and we are determined to ensure they can exercise the right to choose their own future.

I hope the ideas presented here will be read and debated widely by people in Scotland. I also hope that this paper will enhance understanding among our fellow Europeans of Scotland's past and present, and why we believe it is in all our interests for the around five million former European Union citizens who live here in Scotland to regain that citizenship.

I look forward both to that continuing debate and to the day when Scotland becomes independent, working closely with all our friends in a great shared endeavour that can help bring about a better Scotland and a better Europe.



**Angus Robertson**Cabinet Secretary for Constitution, External Affairs and Culture

# What our proposals would mean for you

Membership of the EU, as outlined in this publication, would allow **you**, as a Scottish and EU citizen, to:

- have your rights protected by EU law, benefitting from guaranteed minimum working conditions and protected social security rights
- enjoy more product choice at the best prices
- benefit from better consumer and privacy protection and safer online shopping
- access more training, research and exchange opportunities
- have more job choices with your professional qualifications being recognised throughout the EU
- boost your career opportunities and improve your language skills through access to the Erasmus+ programme
- live, visit, study, work and establish businesses in any EU member state, without burdensome paperwork
- travel more easily, crossing EU borders more quickly and with equal access to healthcare if you
  fall sick or have an accident while travelling in the EU
- be able to use your driving licence throughout the EU
- access consular services around the world through the embassies or consulates of other EU member states
- benefit from easy and effective access to cross-border justice, with court judgments in one member state being recognised in another
- be represented in the EU by governments that win elections in Scotland, so they can influence policy and trade deals based on what's best for Scotland
- continue to move freely between Scotland, the UK and Ireland with no new passport or immigration checks
- continue to have the right to live, work, and access services, including housing, education and healthcare in the UK and Ireland under an arrangement called the Common Travel Area

# What our proposals would mean for your business

EU membership would provide opportunities for an independent Scotland's economy to grow. This publication shows how EU membership would help **your business** by providing:

- access to the world's largest single market, with reduced barriers to trade, free flows of data and less bureaucracy
- a level playing field so that Scottish businesses can compete, directly from Scotland, on an equal footing with businesses across the EU
- the opportunity to reach more customers by being able to set up branches and offer services in the EU
- access to a larger labour market with no restrictions on employing EU citizens to work in Scotland, sustaining businesses, universities, communities and public services
- mutual recognition of professional qualifications, allowing Scottish professional qualifications to be automatically recognised throughout the EU, and businesses and individuals in Scotland to offer their services throughout the EU within a common set of rules
- access to the benefits of the EU's network of highly favourable free trade agreements across
  the world
- representation by the collective weight of the EU on market access issues and food production standards in international negotiations and disputes
- Scotland with the opportunity to influence future EU regulatory requirements and standards in ways that reflect the interests of Scottish businesses
- easier and safer online selling
- more opportunities for training and for collaborative research and development to drive innovation
- access to EU programmes to help enhance competitiveness and sustainability

# What our proposals would mean for Scotland

Independence would enable Scotland to apply to join the EU as a member state in its own right, representing its interests directly in the EU for the first time. This publication shows that doing so would allow **Scotland** to:

- contribute to the EU's values of promoting peaceful coexistence, respect for human rights, and prosperity built on co-operation, sustainable development and international law
- be part of an organisation with global reach, working from within the EU to tackle global challenges
- contribute directly to the policies of one of the most influential actors in global trade negotiations, and on international human rights and equality policies
- have a seat at EU decision-making tables including Scottish representation in the European Council, Commission and Parliament, with a voice in debates and a vote on outcomes
- contribute to the EU's common foreign and security policy, the importance of which has been underlined by the Russian invasion of Ukraine
- work with EU partners to combat organised crime, terrorism, cybercrime, drug and people trafficking and money laundering
- access EU funding streams such as support for more sustainable agriculture, and for regional economic development
- participate automatically in the EU's flagship Horizon Europe research and development programme, and collaborate more easily with EU partners to drive innovation
- take advantage of the free movement of people in the EU to help address Scotland's demographic challenges and make it easier for Scots to work in the rest of the EU
- influence the EU's future regulatory requirements, for example on data protection, safety and environmental standards
- operate in a rules-based international system, with a framework which allows small independent nations to thrive

## What our proposals would mean for the EU

Scotland, with its well-deserved reputation as a welcoming and inclusive country, has the capacity to contribute significantly to the EU as an independent member state. This publication shows some of what Scotland could offer the **EU** by:

- contributing to the core values of the EU, which are based on human dignity, equality, rule of law, freedom, democracy and human rights
- using our strategic position on the northern edge of Europe, and our commitment to the EU's international efforts for peace and stability, to contribute to the defence and security capabilities that keep Scotland and the EU safe
- helping the EU to achieve sustainable energy security through access to our significant renewable energy resources, and to achieve its net zero ambitions and climate change and biodiversity goals
- Scottish researchers collaborating with those from across the EU, sharing our expertise in areas such as animal and veterinary science, fisheries and the environment
- helping the EU deliver new clean energy technologies through our innovation and research expertise
- contributing to the EU's digital economy, including through our expertise in games and software development, artificial intelligence, data science and connectivity
- with the return of free movement, freely welcoming EU artists to the global platform which Scotland's international festivals offer
- bringing expertise and new ideas to the EU's culture policy initiatives, particularly the Creative Europe programme, given our rich cultural heritage
- working with EU partners on migration and asylum policy and participating constructively in EU refugee resettlement and relocation initiatives
- welcoming EU students to our world class universities enabling them to enjoy the same access to higher education as Scottish students

### Introduction

This publication, part of the 'Building a New Scotland' series, sets out the Scottish Government's vision for an independent Scotland as part of the European Union (EU). This government believes that membership of the EU is fundamental to Scotland's economic, social and political future and that we should seek to re-join the EU as soon as possible after independence.

The EU provides a framework for peace, cooperation and prosperity. It enables states of different sizes to collaborate as equals in relationships governed by values, cooperation and law rather than sheer might. In contrast to the limitations faced by Scotland, as a 'devolved nation' operating within the UK, each member of the EU has a formal role in shaping the direction and making decisions.

European cooperation and integration – with member states working on shared ambitions and choosing to find solutions and resolve differences through negotiations and on the basis of the rule of law – have benefitted the people of Europe immensely. This includes economic development, raising environmental standards, protecting rights and providing safety through solidarity.

The EU (and its predecessor arrangements) have provided stability and prosperity for its member states for over 70 years. Its founding ethos of peace and solidarity remains as relevant now as it was when the then European Coal and Steel Community was created in 1951. Over the years, the EU has become a major player on the international scene, including where key decisions are taken such as the United Nations Climate Change Conference of the Parties (COP) and the World Trade Organization. Representing around 450 million people,¹ with a competitive single market almost seven times the size of the UK,² it is a leader in global trade,³ shapes global standards⁴ and champions human rights on the world stage.⁵ See Box 1 below for a history of the EU.

#### **Box 1: History of the EU**

The EU has consolidated democracy, human rights and the rule of law. Its roots date back to the end of World War II when European politicians from six countries drew up plans to promote peace and economic prosperity. By jointly managing their coal and steel industries, no single country could make weapons of war. Initially called the European Coal and Steel Community, it was based on a principle of joint decision-making still applicable today.

Building on its success, the European Economic Community and European Atomic Energy Community were created. Together these three organisations – which became the predecessor to today's EU – gradually removed barriers to trade, allowed people to move freely, and pooled nuclear industries. New members, including the UK, started joining in 1973. Enlargement has been continuous and varied since then, providing political stability to an ever larger area.

Membership of the EU has helped transform former dictatorships, and many of the former communist states of Central and Eastern Europe, into stable democracies and more affluent countries. The fall of the Berlin Wall marked another major change, with the reunification of Germany and 16 million new EU citizens.

Today the EU's borders stretch from the Baltic to the Black Sea. The enlargement door remains open to any European country able to fulfil the EU's political and economic criteria for membership. Having received the Nobel Peace prize for its contribution to promoting peace, reconciliation, democracy and human rights it is no wonder that enthusiasm to join the EU remains high.

Whilst many of the benefits of EU membership were planned and purposefully designed, others have evolved over the course of its history and in response to external challenges. The EU's solidarity throughout the COVID-19 pandemic and the coordinated response to the Russian invasion of Ukraine are both strong examples of the added value EU membership brings.

The core values of the EU,<sup>6</sup> which are based on human dignity, equality, rule of law, freedom, democracy and human rights (see Box 2 below), resonate in Scotland.<sup>7</sup> As covered in 'Building a New Scotland: Creating a modern constitution for an independent Scotland',<sup>8</sup> having a written constitution which reflects fundamental values would demonstrate that Scotland is fully committed to the values shared by other European nations.<sup>9</sup>

The EU's objectives, secured by common policies, are deliberated and delivered by independent states co-operating for the common good within a democratic framework of institutions and governance. Pooling elements of sovereignty within EU structures, on an equal footing with partners with common ambitions and shared values, would allow an independent Scotland to protect and promote its national interests.

#### Box 2: The values of the EU

- Human dignity. Human dignity is inviolable. It must be respected, protected and constitutes the real basis of fundamental rights.
- Freedom. Freedom of movement gives citizens the right to move and reside freely within the Union. Individual freedoms such as respect for private life, freedom of thought, religion, assembly, expression and information are protected by the EU Charter of Fundamental Rights.
- Democracy. The functioning of the EU is founded on representative democracy. A European
  citizen automatically enjoys political rights. Every adult EU citizen has the right to stand as a
  candidate and to vote in elections to the European Parliament. EU citizens have the right to
  stand as a candidate and to vote in their country of residence, or in their country of origin.
- Equality. Equality is about equal rights for all citizens before the law. The principle of equality between women and men underpins all European policies and is the basis for European integration. It applies in all areas. The principle of equal pay for equal work became part of the Treaty of Rome in 1957.
- Rule of law. The EU is based on the rule of law. Everything the EU does is founded on treaties, voluntarily and democratically agreed by its EU countries. Law and justice are upheld by an independent judiciary. The EU countries gave final jurisdiction to the Court of Justice of the European Union on points of EU law its judgments have to be respected by all.
- Human rights. Human rights are protected by the EU Charter of Fundamental Rights. These
  cover the right to be free from discrimination on the basis of sex, racial or ethnic origin,
  religion or belief, disability, age or sexual orientation, the right to the protection of your
  personal data, and the right to get access to justice.

Scotland has much to contribute as a responsible and reliable future EU member state by being fully committed both to the rule of international law and to enhancing people's rights. As a destination of choice for students and academics from all over the world, our universities and research centres have much to offer and much to gain. With a strong technology sector<sup>10</sup> and a wealth of assets in areas from renewable energy<sup>11</sup> to life sciences<sup>12</sup> we are well positioned to contribute to the innovation and growth – and what is described as the EU's "twin transitions" of moving to both a green and digital economy – which are critical to the EU's long-term prosperity and sustainable growth.<sup>13</sup>

#### The context – Scotland's unique position

Scotland is a country within the multinational state of the United Kingdom. Following centuries as an independent nation, in 1707 the Scottish Parliament voted in favour of political union with England. Notwithstanding that political union, Scotland has retained distinctive Scottish national institutions and systems including legal and education systems and the church.

Before and after 1707 Scotland has enjoyed strong and enduring connections with our fellow Europeans. In the Middle Ages Scotland traded across Europe. Scottish merchants and intellectuals travelled to the booming Dutch universities; to the trading communities in Germany, Flanders, Lithuania and Poland; to the Scots colleges in Rome, Paris, Valladolid and Madrid; and to the military encampments of the Thirty Years' War. Scotland in turn received a continual flow of Europeans who brought ideas as much as trade to Scotland.

During the Enlightenment period in the 18th and 19th centuries Scottish scholars made a major contribution to the development of European, and indeed world, thought. In the 20th century, Scotland played a distinctive part in efforts to rebuild Europe after the Second World War: the Edinburgh International Festival, now one of the largest arts festivals in the world and a model for international cooperation through culture and the arts, was founded in 1947 with an Austrian director and co-founder, rooted in the idea that culture could be a positive force for reconstructing a shattered continent. As part of the UK Scotland joined the European Communities on 1 January 1973.

In the second half of the last century a long campaign for self-government, by a wide range of Scottish civic society, led to the re-establishment of the Scottish Parliament in 1999. Under the devolved settlement in Scotland, the parliament has responsibility for a wide range of domestic policy areas, including health, education, many aspects of environmental policy, justice and elements of taxation and social security.

The UK Parliament retains control of macroeconomic policy, foreign policy and defence, immigration and asylum, most social security and taxation powers.

In 2021 the Welsh Government (which does not support Welsh independence) published a paper setting out its views on the future governance of the UK, which included this passage:

If [...] the UK is conceived of as a voluntary association of nations, it must be open to any of its parts democratically to choose to withdraw from the Union. If this were not so, a nation could conceivably be bound into the UK against its will, a situation both undemocratic and inconsistent with the idea of a Union based on shared values and interests.<sup>16</sup>

The Scottish Government agrees with this view. Moreover in 2014, all political parties represented in the Scottish Parliament, whether or not they supported independence, signed up to the Smith Commission report on future constitutional arrangements that said: "nothing in this report prevents Scotland becoming an independent country in the future should the people of Scotland so choose."

Irrespective of views on independence, it has long been recognised, not least by the establishment of the Scottish Parliament, that Scotland is a country – not a region of a unitary state. Scotland is therefore in a unique situation as a country in a voluntary union of nations which has been removed from the EU and its single market against the wishes of the majority of people in Scotland.

Brexit has prompted renewed debate over whether it is better for Scotland's future to be back inside the EU as a member state in our own right or whether it is better to maintain the current arrangements which enabled Scotland to be taken out of the EU.

#### The choice before us

In 2016, people in Scotland voted decisively to remain in the EU and polling undertaken since the 2016 referendum has consistently found large majorities in favour of EU membership.<sup>19</sup> There is clear evidence on the economic benefits to Scotland of membership of the European single market and customs union.<sup>20</sup> Our EU membership was central not only to our economic growth, but to improving the lives of our citizens, increasing opportunities for trade, training and collaborative research for example, and establishing the highest shared standards of environmental protection.<sup>21</sup> It became firmly woven into the fabric of our society and our legal frameworks, and strengthened the longstanding historical connections between Scotland and our fellow Europeans, shaping our cohesive and multi-cultural society and contributing to the sustainability of our rural communities.<sup>22</sup>

Two years before that vote, people in Scotland voted in a referendum on whether or not to become independent. During that referendum campaign the issue of EU membership was to the fore, with the Westminster government, which opposed independence, stating:

Scotland benefits from the UK's strong voice in Europe. The UK exerts its influence in Europe on behalf of Scotland on issues that matter to people and businesses in Scotland, such as budget contributions, fisheries and agricultural subsidies.<sup>23</sup>

That claimed voice has now gone. The UK is now absent from all the structures for co-operation and decision-making within the EU.<sup>24</sup> The UK's and Scotland's ability to influence EU decisions and policy making has to all intents and purposes gone.

Under the Westminster system of government, Scotland's ability to chart its own path is highly constrained by the decisions of the Westminster government, which undermine Scotland's ability to maintain high standards in environmental regulation<sup>25</sup> or workers'<sup>26</sup> and consumer rights.<sup>27</sup> Regional development funding has fallen and is shorter-term as a result of Brexit and the Scottish Government's influence over how replacement funds are spent has ceased.<sup>28</sup> As outlined in the Scottish Government's publication 'The Brexit vote, 5 years on'<sup>29</sup> and in the section on Scotland's current situation outside the EU below, young Scots no longer benefit from the Erasmus+ exchange programme and it is harder for Scots to work, trade, and provide services in EU countries. Our ability to cooperate with European police and judicial authorities to combat crime has also been weakened, for example by now being outside the European Arrest Warrant and Schengen Information System networks.<sup>30</sup>

As an independent state and EU member, Scotland would regain the political, economic, social and security benefits membership affords. Not only would this guarantee that EU citizens could continue to play a vital role in Scotland's society and workforce, including in areas such as health and social care, but as a member state in its own right, an independent Scotland in the EU would be able to develop even stronger, mutually beneficial partnerships in Europe.

This paper therefore presents the choice now facing the people of Scotland: either for Scotland's interests to be at risk of being marginalised as the UK continues to distance itself from the EU,<sup>31</sup> or to resume statehood, regaining the benefits of EU membership and, as an independent country, working together with EU member states, as well as the UK, on our big challenges and strengths.

The first section of the paper demonstrates that the two unions – the United Kingdom and the European Union – are fundamentally different. Scotland's current position, as a 'devolved nation' of the United Kingdom subject to the decisions of the Westminster government and Parliament, contrasts significantly with how an independent Scotland in the EU would be able to operate. EU processes ensure that the voices of member states are heard, and these rights are enshrined in the EU Treaties. This section also shows how choosing independence and sharing sovereignty as a member of the EU would strengthen Scotland's voice and ability to protect and promote our interests.

The next section considers Scotland's current situation outside the EU. As a nation within a non-EU state, the scope of the relationships Scotland can have with the EU are inevitably constrained. Scotland's influence on global issues directly affecting our economy and society is significantly diminished. And the opportunities for our citizens to live, travel, study, visit and do business in the EU are narrower, with poorer prospects for us all.<sup>32</sup>

The paper goes on to present a section on the benefits that would accrue from becoming an independent state and member of the EU. EU membership involves nations voluntarily cooperating as equal partners with shared values and a common purpose to influence global issues and agree policies that shape their common future for the benefit of their citizens.

The final section highlights just some of the areas where an independent Scotland would contribute to the EU, and the responsibilities we would share with other member states. Scotland has much to offer, and EU membership is the best way for us to collaborate on shared challenges and opportunities.

# Shared sovereignty is enhanced sovereignty

#### **Key points**

The two unions – the United Kingdom and the European Union – are fundamentally different.

Westminster can unilaterally alter the powers of the devolved institutions, without the agreement of the Scottish Government and Scottish Parliament. It can legally ignore the democratically expressed wishes of people in Scotland. And it can reverse and even end devolution.

In contrast, EU member states are fully involved in policy development and decision making, and this is protected by the EU Treaties.

Within the EU, 12 of the 27 member states have populations similar to, or less than, Scotland's. They are all successful, independent nations.

By securing independence from the UK, Scotland would be able to join the EU as a sovereign state.

As a member of the EU, an independent Scotland would be represented at every level of EU decision making, able to influence decisions and promote Scotland's interests.

EU member states pool sovereignty only where there is a clear interest to do so, and in a way that embeds democratic processes.

The cross-border nature of global challenges and the inter-connectedness of supply chains mean that pooling of sovereignty is increasingly important for all states.

Choosing independence and voluntarily sharing sovereignty as a member of the EU would strengthen Scotland's voice and ability to protect and promote our interests.

'Taking back control' became a central slogan for those who campaigned for the UK to leave the EU. Yet the notion of 'absolute' British sovereignty in today's interdependent world is considered to be unachievable and undesirable.<sup>33</sup> The cross-border nature of global challenges such as climate change and international security, and the inter-connectedness of 21st century global supply chains, makes pooling of national sovereignty increasingly important for all states.

As the history of European integration has shown, sharing sovereignty voluntarily between EU partners enhances sovereignty and improves outcomes for people. In the words of Charles Michel, President of the European Council:

In these challenging times, it is only by working together, by building this European spirit of security, that we will address the complex geopolitical and security challenges and keep our democratic societies secure and our citizens safe.<sup>34</sup>

By working as partners, EU countries can address common challenges much more effectively. This includes delivering national objectives better than any country could do on its own. For example, in recent decades the EU has placed increasing significance on protecting our environment and natural world. Pollution in our air, water and soils have also fallen significantly. The EU has driven up standards in environmental protection covering areas as diverse as air and water quality to waste and promoting the circular economy. It was only through sharing sovereignty with other EU member states that it was possible to design an ambitious EU climate change and wider environment strategy in which all 27 EU member states have committed to Europe becoming the first climate neutral continent in the world. He EU's global market share of microchips and reducing dependence on third country suppliers to ensure continuity of global supply in times of crisis. This will boost innovation, production and skills across the EU.

EU member states pool sovereignty only where there is a clear interest in doing so at a European level, and only when they have taken the sovereign decision to do so. Member states continue to control key aspects of their own affairs. Many issues are driven by member states' national governments, including health, education and culture. Where the EU does take action on such issues it does so in a way which embeds democratic processes and is based on the principles of subsidiarity and proportionality.<sup>37</sup> This ensures that all member states can protect their vital national interests, and that intervention at the EU level is only when action cannot be sufficiently achieved by member states.

EU governments come to agreement through transparent and democratic processes. Unanimity is required on certain issues, including EU membership, taxation, social security, operational police co-operation between member states and most aspects of common foreign and security policy. Any changes to the EU Treaties also require the democratic and unanimous agreement of all EU member states and the agreement of the European Parliament. On these matters all nations therefore have an equal ability to ensure and promote their interests.

The majority of decisions in the Council of the European Union (see <u>Annex 1</u>) are taken by qualified majority voting. This requires 55% of member states, accounting for at least 65% of the EU population, to vote in favour. Decisions taken are binding on, and enforceable in or against, all member states. An individual member state cannot unilaterally revoke or fail to deliver on its obligations to others' and its own citizens.

Most internal EU policies, known as common policies as they affect all EU member states, also require the agreement of the European Parliament on the basis of a simple majority of its members. No country can have fewer than six or more than 96 Members of the European Parliament (MEPs).<sup>38</sup> Because seats are allocated by the principle of 'degressive proportionality' (i.e. smaller countries are allocated more MEPs than they would be allocated in proportion to their population size) smaller member states have more representation for each of their citizens compared to larger member states.<sup>39</sup> This strengthens the voice of smaller member states, and their citizens, in the European Parliament.

Whereas the EU system offers specific protections to member states, the Westminster system offers no such protection. Under the UK's constitutional system, the Westminster government and parliament can legally ignore, and even override, the democratically expressed wishes of people in Scotland and alter the powers of the devolved institutions unilaterally, without their agreement.

The devolved institutions are protected only by conventions – constitutional rules which are not legally enforceable and which the Westminster government and parliament can, and increasingly do, choose to override.<sup>40</sup> The Westminster government can – again perfectly legally – change its own commitments to the devolved governments and legislatures as it pleases and with little or no notice.<sup>41</sup>

Despite the fact that a large majority of people in Scotland voted in support of the creation of a Scottish Parliament,<sup>42</sup> the Westminster government has made changes that constrain the devolution settlement against the express wishes of Scotland's Parliament, in breach of the UK's constitutional conventions. For example, the United Kingdom Internal Market Act 2020 places new constraints on the powers of the Scottish Parliament, both by altering the devolution settlement without consent, and by undermining the legal effect of devolved policy in many areas.

So while the Scottish Parliament could legislate to regulate the sale of certain items in Scotland, for example due to health or environmental concerns, the mutual recognition requirements in the Act enable goods which originate elsewhere in the UK (or were imported into another part of the UK) to still be sold in Scotland regardless of the decisions of the Parliament and the wishes of the people of Scotland.<sup>43</sup> This has meant the Scotlish Deposit Return Scheme has been delayed and its original scope remains under threat.<sup>44</sup>

The United Kingdom Internal Market Act therefore weakens the ability of the Scottish Parliament and Government to implement policy in areas for which they are democratically responsible. This risks undermining our ability to maintain high environmental standards, food standards and animal welfare in Scotland, for example. The Scottish Parliament voted decisively against the Internal Market Act but this was ignored by the Westminster government and parliament, which passed the legislation without the consent of devolved governments and parliaments.

The UK Government also has other powers to block devolved action and for the first time recently showed its willingness to use them. Under section 35 of the Scotland Act, a UK secretary of state can stop a bill getting Royal Assent if they have "reasonable grounds" to believe the law in question would have an adverse effect on legislation reserved to Westminster – providing Westminster with a veto over the democratically elected Scottish Parliament's powers in certain circumstances. 45

#### Influence of states of Scotland's size in the EU

Twelve of the EU's 27 member states have a population similar to, or less than, Scotland's (see Table 1 below). They are all successful, independent nations. Using their partnerships they build coalitions with member states, both small and large, to advance their objectives. They all set their own course but work with partners to tackle societal challenges and deliver health, prosperity, security and opportunity for their citizens.

As an independent state and member of the EU, Scotland would have its own voice within the EU and would participate in EU decision making. Scotland's population is around the same as those of Finland or Slovakia, and slightly above Ireland's. It would therefore have similar qualified majority voting weight to these member states.

The most influential positions in the EU are often held by citizens from the EU's smaller countries. For example, Charles Michel is the second Belgian (from a country just twice Scotland's size) to hold the position of President of the European Council since it was created by the Lisbon Treaty over 10 years ago.

Several studies have demonstrated that small member states generally have significant influence within the EU. This is particularly the case on issues where member states have specific expertise or national interests<sup>46</sup> and when working cooperatively and building alliances within the EU.<sup>47</sup> These studies demonstrate that regardless of population size, EU member states can provide leadership and exert real influence.

The amount of influence smaller EU states enjoy, both formally and informally, is in stark contrast to Scotland's current position as part of the UK outside the EU. 48

Table 1: 2021 Population estimates for Scotland and the smallest EU member states, and number of MEPs in the smallest EU member states

Country	Population <sup>49</sup>	Number of MEPs <sup>50</sup>
Malta	542,000	6
Luxembourg	661,000	6
Cyprus	921,000	6
Estonia	1,366,000	7
Latvia	1,883,000	8
Slovenia	2,117,000	8
Lithuania	2,857,000	11
Croatia	3,851,000	12
Ireland	5,194,000	13
Slovakia	5,429,000	14
Scotland (mid-2021)	5,480,000	
Finland	5,564,000	14
Denmark	5,933,000	14

#### 'Seats' at the EU table

The EU institutions (see Annex 1) help member states work together to achieve agreed goals. Checks and balances are built into the system to prevent any single body from imposing its preferences unilaterally. Member states also play key roles: governments attend the European Council and the Council of the European Union, ministries, departments and agencies implement and enforce EU policies, as well as contributing to their development, while national parliaments and courts contribute to accountability and scrutiny.

An independent Scotland in the EU would have representatives in the European Parliament. Members of the European Parliament (MEPs) are elected to represent member states' citizens politically and participate in committees that are relevant to the nation's interests. As an independent member state, Scotland's number of MEPs would be subject to negotiation as part of its accession treaty and could expect at least double the six MEPs Scotland had as part of UK from 2009-2020 (Denmark, Slovakia and Finland, all with populations similar to Scotland's, each have 14 MEPs, see Table 1). The Parliament, directly elected by EU voters, has a key role alongside the Council (made up of the member states) over the EU's budget and the majority of EU legislation.

The work of MEPs affects EU citizens in many aspects of day-to-day life. Some of the most impactful work of the European Parliament can be felt through its efforts to expand and develop the European single market (which creates the conditions for goods and services to flow easily, cheaply and safely across Europe), and to protect consumer safety, human and animal health and the environment.

The European Parliament also directly shapes and influences EU funding programmes. These would provide considerable opportunities and benefits to Scottish citizens, for example through research and innovation projects such as Horizon Europe, student exchanges (Erasmus+), farmer and rural community support through the Common Agricultural Policy, cross-border judicial cooperation to tackle crime and terrorism, funding and support for marine cooperation and investments in health and wellbeing projects across Scotland.

Once Scotland became a member of the EU, Scottish ministers would attend Council meetings, including the European Council, which brings together the Heads of State and Government of the member states. Scotland would have a judge at the Court of Justice of the European Union, two at the General Court, the opportunity to nominate an Advocate General and to have a member at the Court of Auditors.

Scottish interests would be represented at every level of decision making. Membership of the EU would come with a seat for Scotland in every committee and every Council working group. There would be a seat for the Scottish Permanent Representative to the EU and their deputy in "Coreper" meetings, which prepare the work of the Council of the European Union. Coreper occupies a pivotal position in the EU's decision-making system. It is both a forum for dialogue and a means of representing and defending member state interests.

Every EU member state, regardless of size, has the opportunity to hold the Presidency of the Council of the European Union by rotation. Cyprus, Ireland and Lithuania – all countries smaller than Scotland – held the Presidency in immediate succession and had a role in framing the EU agenda and, within its overall work programme, to prioritise issues. Denmark pushed for legislation to promote environmental protection – convincing partners of the importance of this through its own track record in environmental policy.<sup>52</sup> Finland prioritised the wellbeing economy and gender equality as part of its 2019 Presidency programme.<sup>53</sup> The current Spanish Presidency's priorities include supporting the green and digital transitions as part of the focus on energy security and equality and inclusivity<sup>54</sup> – both issues of importance to Scotland too.

As a member of the EU, an independent Scotland would do the same. Working with member states in areas of common interest, Scotland would help set the agenda and contribute to how the EU tackles political, social, economic and democratic challenges and how it responds to opportunities and threats in Europe and globally.

EU membership would also give Scotland a seat on the board of the European Investment Bank, and access to European-backed grants, loans and guarantees for infrastructure, green technology and other investments. <sup>55</sup> Scottish citizens would be recruited to the Commission and other EU institutions, including as diplomats deployed around the world in the European External Action Service.

All EU member states provide a Commissioner to the College of Commissioners. Together Commissioners help to shape the EU's overall strategy and initiate legislation for the EU. Each Commissioner carries the same weight within the decision-making process and they are equally responsible for the decisions made.

Croatia, smaller than Scotland and the EU's newest member state, previously had the Commissioner for International Cooperation and Development. Finland, with a similar population to Scotland has the current Commissioner for International Partnerships. Lithuania has the Commissioner for Environment, Oceans and Fisheries. It is recognised that they of course act in the general interest of the EU upon taking office.

Commissioners from Slovakia and Latvia are currently Executive Vice-Presidents of the European Commission.<sup>56</sup> Malta, the smallest EU member state with a population similar to that of Edinburgh, has the Commissioner for Equality – while also providing (since early 2022) the European Parliament's first female President.

As a member of the EU, Scotland would also have representatives in the Committee of the Regions (CoR), providing additional opportunities for cooperation and influence for local government bodies, and the European Economic and Social Committee (EESC), an EU advisory body which comprises representatives from workers' and employers' organisations and other interest groups.<sup>57</sup>

It can be seen from this section that EU membership provides states of Scotland's size the opportunity to contribute to EU and global issues, especially in areas in which Scotland has significant interests and expertise.

#### What does this mean for Scotland?

Some may ask why Scotland should leave one union only to join another. There are major differences between being a member state of the EU as a sovereign state and being a nation within the UK.<sup>58</sup> As explained above, with a devolved government in the UK the views of Scotland's people, as expressed through democratic elections to both Westminster and Holyrood, can have little or no influence on decisions taken by Westminster in the many crucial areas where it retains power over Scotland, and where power has been devolved their views can be ignored or over-ridden. In addition, there are no formal and legal protections which ensure Scotland's voice is heard. The recent Brexit experience has underlined this.<sup>59</sup>

#### As a result, Scotland:

- has a government in Westminster which people in Scotland did not vote for
- is bound by the decisions the Westminster government and parliament makes on reserved issues, often with little or no meaningful input to these decisions irrespective of their impact in Scotland, for example by limiting social security support for those in financial need
- is subject to decisions at Westminster that are not supported by people in Scotland, such as the decision to remove Scotland from the EU
- can have, and is having, the powers of its devolved institutions altered unilaterally by Westminster, without the agreement of the Scottish Government, Scottish Parliament or the people of Scotland, as seen in the United Kingdom Internal Market Act 2020
- has no formal means to influence reserved matters, such as foreign policy, to ensure UK policy reflects views from across the UK, not just those in the Westminster government
- usually has very limited influence, through elected Members of Parliament (MPs), in the UK's
  agreements with any country, intergovernmental organisation or the EU. As a result the recent
  UK-New Zealand and UK-Australia Free Trade Agreements expose the Scottish agriculture
  market to highly export orientated food producers, which could put many Scottish farms out of
  business

In marked contrast, EU member states are fully involved in policy development and decision making and this is protected by the EU Treaties. As an EU member state, an independent Scotland would:

- be represented in the EU by governments formed by a party or parties that win elections in Scotland
- have our head of Government sit alongside the other EU member states' heads of State and Government with the formal opportunity to shape the European political agenda
- have a formal role in decision making, with more representation for each of our citizens compared to larger member states in the European Parliament
- be formally represented in the EU institutions, including the Council of the European Union
- play a part in defining the development of EU policy
- have a representative take up one of the European Commissioner seats, bringing their knowledge of Scotland to the heart of the EU's political decision making
- have a judge at the Court of Justice of the European Union, two at the General Court, and a member at the Court of Auditors
- have a minister on the board of the European Investment Bank
- have a seat in every EU Committee and every European Council working group
- have the opportunity to take a turn holding the Presidency of the Council of the EU

The disparity in approach between the UK and the EU is stark. The EU showed its commitment to preserving EU unity and collective solidarity in the way it approached the UK's exit negotiations.<sup>60</sup> By contrast, the Westminster government disregarded the views of the majority of people in Scotland throughout the process<sup>61</sup> and imposed its preferred outcome on Scotland, despite it being detrimental to Scotland's interests.

With independence and EU membership Scotland would pool some aspects of our sovereignty within the EU. Other European countries recognise that this is a more effective way to promote their national interests because it provides far greater influence, for example over the shape of regulation in the world's largest market, as well as on the EU's position in international affairs – issues that matter more and more in an increasingly unstable world.

By design, the EU's approach is not always swift. The EU institutional architecture is intended to be both effective – ensuring that the rules agreed to by member states are respected – and inclusive of the interests of all its constituent parts. It is precisely because the EU's approach is one of building consensus between member states and in the European Parliament that decisions can take time. But when member states and the European Parliament decide to move rapidly to respond collectively to emergencies, such as putting successive packages of sanctions in place against Russia following its full-scale invasion of Ukraine in February 2022, they do so.

This section has shown that the two unions – the UK and the EU – are fundamentally different in how they operate. Sovereignty should mean having a seat at the table, a voice in the debate and a vote on the outcome. As a 'devolved nation' Scotland does not have this. In comparison to the limited opportunity to represent and protect Scotland's interests as part of the UK, Scotland would be better off by gaining, sharing and enhancing our sovereignty through independence and EU membership.

### On the outside: Scotland's relationship with the EU

#### **Key points**

The majority of people in Scotland, the Scottish Parliament and the Scottish Government never wanted to leave the EU. After the Brexit referendum, the Westminster government ignored their views and made a deliberate policy choice to seek a 'hard Brexit'.

Scotland has lost out economically, socially, politically and culturally as a consequence.

Consumers are having to pay higher prices for food, exacerbating the cost-of-living crisis.

Brexit has reduced the UK's ability to influence many policies which impact Scotland's economic and social prospects and affect its businesses.

As a nation within a non-EU state, Scotland's influence on global issues has been significantly diminished since Brexit.

Rather than choosing a close and cooperative relationship, the Westminster government negotiated an agreement with the EU that has raised barriers to trade, added bureaucracy and increased costs for businesses.

Opportunities for our citizens to live, travel, study, visit and do business in the EU are narrower, with poorer prospects for us all.

We are no longer part of the world's largest single market and have lost access to the EU's multiple favourable trade deals with other countries.

Some victims of crime might find justice harder to achieve now the UK has left the EU. This is because several member states will no longer surrender their nationals to face justice in Scotland.

Even where it is in Scotland's best interests – and should be a choice for the Scottish Parliament – to align closely to EU regulations on issues such as environmental protection, Westminster legislation is undermining the Scottish Parliament's ability to do so.

Independence offers Scotland the chance to reverse these losses, and to do so with the promise of our voice being part of the decision-making process. Independence is the only way to guarantee that Scotland can avoid a race to the bottom in standards.

The Westminster government's determination to distance itself from the EU ignored the views of the people of Scotland,<sup>62</sup> disregarded Scottish interests, and has been hugely detrimental to Scotland.<sup>63</sup> In many areas a different approach could, to some extent, mitigate the damage – for example by seeking a veterinary agreement which could improve market access for Scotland's farmers, or collaborating with the EU so that Scotland's musicians and other artists could travel and perform.

But rather than choosing a close and cooperative relationship with our nearest neighbours, the Westminster government made a deliberate policy choice to negotiate a distant relationship with the EU, which pales in comparison to the benefits of EU membership.

The EU plays a critical role in shaping legislation and regulatory standards that affect businesses across the world. Yet by leaving the EU, the UK has lost its seat at decision-making tables and removed itself from influencing circles (see below). In the words of Bobby McDonagh, a former lrish Ambassador to the UK:

Europe will be the poorer for the loss of British influence. But Britain itself will be diminished even more. It is important that our British friends understand the influence they once had in Europe so that they also know what they are giving up.<sup>64</sup>

28

Because the Westminster government chose to distance themselves from the EU, the UK's ability to influence many European and international policies which impact directly on Scotland's future economic and social prospects has in effect disappeared. With no UK ministers attending European Council meetings, important decisions that impact directly on Scotland are being taken without our voice being heard. Equally we no longer have representatives from Scotland in the European Parliament.

The UK no longer has any say on the content of the EU's bilateral agreements with other countries and regions, let alone access to their benefits. The importance of the European single market and the experience and expertise of the EU make it a far stronger trade negotiator than the UK can ever be. This is demonstrated by the UK's failure to secure a good deal for itself in the Brexit negotiations, <sup>65</sup> and the better terms the EU secured in its Free Trade Agreement (FTA) with New Zealand as compared to the UK-New Zealand FTA. <sup>66</sup> The Scottish Government has also expressed its concern that the UK-Australia FTA will facilitate the mass import of Australian agri-food produced to lower production standards. <sup>67</sup> By re-joining the EU Scotland will be able to benefit from the negotiating strength of the EU in relation to market access and production standards.

The UK and Scotland are now outside key aspects of the EU's sophisticated system of crossborder cooperation, and unable to shape and influence the future direction of how Europe will combat international criminality to make EU law enforcement cooperation work for our interests. People in Scotland are inevitably less safe as a result.<sup>68</sup>

Many EU regulatory requirements effectively become global standards. This is known as the 'Brussels Effect'. <sup>69</sup> Indeed Westminster's recent decision to recognise, indefinitely, the EU's CE (Conformité européenne) mark for some goods placed on the UK market, which is used to certify that certain goods meet appropriate health, safety and environmental requirements, is a clear demonstration of the importance of EU regulations and standards. <sup>70</sup> Losing the ability to influence development of these global benchmarks (for example on data protection, safety and environment) has implications reaching far beyond the EU market. The EU's approach is of particular importance to the chemicals and manufacturing sectors in Scotland, which are highly integrated in EU supply chains with products moving back and forth many times between Scotland and other EU countries. We now have no opportunity to influence the development of these requirements.

Leaving the EU has also substantially reduced the influence the UK has on improving standards to protect the rights, safety and interests of workers and families without stifling labour markets or undermining economic competitiveness. Being outside the EU also leaves Westminster free to reduce those protections in Scotland.

The UK's role in shaping how EU financial support is targeted, including support for research and innovation, is lost. This will be compounded by our reduced participation in collaborative networks, with fewer opportunities to share expertise and data, fewer student and staff exchanges and lost access to EU funding.

The UK is also no longer able to contribute to the EU's approach to global challenges and the Sustainable Development Goals or to rely on the collective weight of the EU in international negotiations and disputes.

#### The UK-EU relationship: what Scotland has lost

The basic reality of Brexit is that the relationship between the UK and EU, governed by the Withdrawal Agreement and the Trade and Cooperation Agreement, is no substitute for EU membership. The UK's hard Brexit has introduced a range of new frictions and barriers<sup>71</sup> and ended freedom of movement.<sup>72</sup> It also fails to make good on the promises made in the run up to the Brexit referendum.<sup>73</sup>

Whilst the conclusion of negotiations on the Windsor Framework is a long-overdue and sensible step towards an improved UK-EU relationship, Scotland has already suffered from Westminster's approach to Brexit.<sup>74</sup> And even when fully implemented, the Windsor Framework leaves Scotland firmly outside the EU market.

Instead of benefitting from free, unfettered trade in goods and services with the whole of the EU, the UK's trade performance post-Brexit has suffered badly, as new barriers have taken effect. Scottish Government modelling shows that the value of Scotland's total trade in goods with the EU (imports plus exports) was 12% lower in 2021 than it otherwise would have been under continued EU membership. Much of this decline is driven by a reduction in EU imports. The food and drink sector in Scotland and the UK has been constrained by the hard Brexit pursued by the Westminster government, particularly through the loss of free movement and free trade.

The Trade and Cooperation Agreement has resulted in additional costs for businesses and contributed to less choice and higher prices for the food we buy. A report published by the London School of Economics highlighted that post-Brexit trade barriers drove one third of the increase in food prices between December 2019 and March 2023, raising food price inflation by eight percentage points.<sup>78</sup> These higher food prices are hitting the poorest families in Scotland the hardest as they spend a higher share of their income on essentials,<sup>79</sup> exacerbating the cost-of-living crisis.

Scottish workers have lost income. Modelling by the Resolution Foundation shows that the loss in earnings will be equivalent to real wages falling by 1.8% over the next decade, a loss of £470 per worker every year.<sup>80</sup> John Springford, deputy director at the Centre for European Reform, estimates that a full-time worker with average earnings will be about £1,300 worse off a year as a result of Brexit.<sup>81</sup>

Scotland has lost access to the EU's network of highly favourable trading relationships across the world. Although the Westminster government has rolled over the majority of the EU's existing deals with other countries, new agreements are unlikely to generate any significant positive impacts on the Scottish (and the UK) economy as a whole. For example, UK Government modelling of the UK-Australia and UK-New Zealand trade deals project that they will increase UK GDP by just 0.08% and 0.03% respectively in the long run,<sup>82</sup> while the Office for Budget Responsibility estimates that Brexit will reduce long-run productivity by 4% compared with remaining in the EU.<sup>83</sup>

Scottish businesses have lost the freedom to trade without customs or border checks for goods destined for the EU market. Businesses are now subject to costly trade barriers. Seafood often takes longer to get to market and fresh produce fetches a lower price or loses value entirely due to delays. In some cases, businesses have said that exporting to the EU is simply no longer viable. In other cases, such as Scottish seed potatoes, specific Scottish products are no longer able to be exported into the EU. Supply chains are being disrupted by bureaucracy inflicted by the Westminster government's decision to withdraw from the European single market and customs union.

Scotland's service sector has lost market access. Services are an important part of Scotland's economy, with service exports to the EU totalling £5.5 billion in 2019.<sup>89</sup> Brexit has increased barriers to exporting services and resulted in the loss of market access. The financial and business services sector, one of the biggest sectoral contributors to Scotland's economy,<sup>90</sup> has lost 'passporting rights' which enable EU businesses to provide their financial services across the EU. UK exports of financial services to the EU have underperformed since Brexit.<sup>91</sup> UK imports of services from the EU have also underperformed by as much as 30%.<sup>92</sup> Since the EU referendum, 24 UK firms have declared they will transfer over £1.3 trillion of UK assets to the EU risking the loss of talent, investment and growth.<sup>93</sup>

Scotland has lost mutual recognition of professional qualifications with the EU, which previously allowed both manufacturing and services firms in Scotland to offer their services throughout the EU within a common set of rules. Scottish professional qualifications are no longer automatically recognised in the EU and professionals, such as architects,<sup>94</sup> need to apply to have their qualifications recognised in every member state where they intend to work.<sup>95</sup> This adds to the costs of Scottish businesses.<sup>96</sup> It also affects the ability of Scottish firms to source professional services from the EU.<sup>97</sup>

People in Scotland have lost the right to move freely in the EU for work and leisure. Additional controls, conditions and documents are required to make simple business trips, receive medical care abroad or study at a European university. The increased cost and administrative burdens associated with touring have already put working in the EU beyond the reach of many of Scotland's artists. Academic staff and research students have also been affected by the loss of free movement and decreased mobility between Scotlish and EU institutions. Even holiday visits will soon require electronic pre-travel authorisation requirements and the impact of the requirement for enhanced passport checks was apparent in the miles of family cars queuing to board ferries at Dover. The opportunities lost and the costs incurred by this additional bureaucracy will only grow over time.

Leaving the EU has impacted heavily on the workforce in sectors such as agriculture, fisheries, food manufacturing, social care, haulage and hospitality amongst others. For example data from the Business Insights and Conditions Survey indicated that in August 2023, 34.4% of businesses with over 10 employees faced recruitment difficulties, with 41.1% of affected businesses in Accommodation & Food Services citing fewer EU applicants as a factor as of June 2023. Official population projections produced by National Records of Scotland and the Office for National Statistics in January 2023 show both that Scotland's population is projected to begin to decline in the next decade, and that Scotland is the only nation of the UK where population is projected to decline over the next 25 years.

Free movement helped address the demographic challenge Scotland faces.<sup>105</sup> As set out in 'Building a New Scotland: Citizenship in an independent Scotland',<sup>106</sup> by re-joining the EU Scottish citizens will regain the benefits of free movement. EU citizens living in Scotland bring skills and expertise to the workforce. They contribute to the delivery and funding of public services, enrich social and cultural life, and help to sustain diverse and vibrant communities the length and breadth of Scotland.<sup>107</sup> The end of free movement, and the imposition of restrictive immigration rules on EU citizens have put all of this at risk.<sup>108</sup>

Scotland has lost out on access to the Erasmus+ programme.<sup>109</sup> Membership of the EU transformed the lives of thousands of our students, schoolchildren, teachers, adult learners and young people through participation in Erasmus+.<sup>110</sup> Through Erasmus+, students, staff and young people outside traditional education pathways get to experience other cultures and life abroad, improve their language and soft skills, expand their social networks, improve their career opportunities and enhance their personal development. Participating in an Erasmus+ exchange also increases people's employability.<sup>111</sup> This is most pronounced for participants coming from the most deprived areas and those furthest removed from traditional education.

Erasmus+ participants get to study or participate in vocational training and professional development in other countries in the EU and worldwide, travel, volunteer and create strategic partnerships, share ideas and best practice. Erasmus+ also provides support for individuals from disadvantaged socio-economic backgrounds to travel and study abroad, an opportunity which they might not otherwise have. Erasmus+ removes barriers and encourages diversity and contributed to our economy, culture and environment. It was not just participants from Scotland who benefited from Erasmus+; proportionally more participants from the rest of Europe came to Scotland than anywhere else in the UK in return.<sup>112</sup>

In 2020, Scottish organisations received €27.8 million in Erasmus+ grants (around £24.2 million, <sup>113</sup> and equal to 12.2% of the UK's total share). In 2022 to 2023 Scotland secured just £9 million from the Westminster government's Turing Scheme alternative (an 8.5% share). The Erasmus+ budget is €26.2 billion from 2021 to 2027. <sup>114</sup> The Westminster government's Turing Scheme is currently funded at £110 million per year. <sup>115</sup>

Unlike Erasmus+, Turing offers no funding for young people to come to Scotland. Nor does it provide support for inward or outward staff mobilities, adult education or youth work or sports sectors, and no support for strategic partnerships which help to build relationships with partners in Europe. Support for our colleges, schools, vocational education and training sectors has been significantly reduced. In doing this the Westminster government has taken away opportunities that EU membership provided our learners. In doing so it has reinforced pre-existing inequalities within sectors excluded from the Turing Scheme.

Scotland has lost out on access to almost three years of the Horizon Europe programme, damaging the reputation and competitiveness of our colleges and universities. The scope, scale and prestige of the European Research & Innovation Framework programme, Horizon Europe, is globally unparalleled yet the Westminster government has taken two and half years to recognise the value of participation. Before Brexit Scotland benefited greatly and performed extremely well in Horizon initiatives: Scotland received funding of approximately €870 million from Horizon 2020 over the period of 2014 to 2020 (based on a budget of €79 billion for Horizon 2020, which covered 2014 to 2020). The Horizon Europe programme budget for 2021 to 2027 is €95.5 billion. Rather than the peripheral role in decision making that comes with the UK's associate membership, EU membership would give Scotland the opportunity to be directly represented and actively participate in the European Council and European Parliament meetings which decide the overarching rules for Horizon Europe and have a formal vote in the Horizon Europe programme committees which decide the priorities for the calls for proposals.

Scotland has lost out on access to EU structural funds. Scotland benefited from these to the tune of €941 million from 2014 to 2020.<sup>123</sup> Although UK ministers pledged that the replacement UK Shared Prosperity Fund would at least match the size of EU Structural Funds, the Westminster government is only allocating £212 million to Scotland until March 2025.<sup>124</sup> This falls far short of the EU funding.

Scotland has lost out on investment. Leaving the EU has already had a negative impact on investment to the UK and Scottish economies. For example, a study by Springford (2022) estimates that the combination of the 2016 referendum and Brexit has reduced investment by 11% and GDP by 5.5%. The Bank of England has also attributed slow business investment growth since 2016 to the impact of Brexit, with the British Chambers of Commerce highlighting that the UK economy remains very weak.

But the impact of loss of EU membership is not only economic. Scotland has lost out on access to one of the world's most developed and integrated international justice and crime-fighting ecosystems. For example, the loss of the European Arrest Warrant means many EU member states will no longer surrender their nationals to face justice in Scotland. As a result, some victims of crime in Scotland may have to travel abroad and take part in foreign criminal proceedings in the hope of obtaining justice. Others may not see justice done at all.

And Scotland has lost out on access to real time Europe-wide alerts and notices about wanted or missing persons through the EU's Schengen Information System. Police Scotland has instead to use slower, less effective systems to check if people are wanted in the EU for serious crime. Re-joining the EU would allow Scotland to take full advantage of EU law enforcement cooperation and technology to keep Scotland safer.

#### Where does this leave Scotland?

As covered in 'Building a New Scotland: Renewing democracy through independence' 129 the United Kingdom is a voluntary union of countries. Scotland is not a region of a unitary state, but a nation. Independence provides the opportunity for a better relationship with the UK on the basis of an equal partnership. It also provides the opportunity to return to EU membership.

Rather than benefitting from, and contributing to, the world's largest single market, Scotland has been relegated to the side-lines by the Westminster government's negotiation of a much-reduced relationship with the EU. Instead of free movement of goods, services, people and capital, we are being subjected to a trade agreement that has increased barriers to trade and added bureaucracy. <sup>130</sup>

Even where it is in Scotland's best interests – and should be a choice for the Scottish Parliament – to align closely to the EU, decisions made in Scotland in areas of devolved responsibility can be undermined by Westminster legislation, passed in clear breach of the Sewel convention. This convention is supposed to provide a non-legal safeguard for the devolved institutions, <sup>131</sup> as set out in Box 3 below, yet the Westminster government has proceeded with legislation, having been refused the consent of the Scottish Parliament, on 11 occasions since 1999. <sup>132</sup>

#### **Box 3: The Sewel Convention**

The Sewel Convention is a constitutional convention that describes how the UK Parliament will act when legislating on devolved matters (matters within the competence of the Scottish Parliament, Senedd Cymru/Welsh Parliament or the Northern Ireland Assembly), or changes to the powers and responsibilities of the devolved institutions.

Under the Sewel Convention, the UK Parliament will "not normally legislate with regard to devolved matters in Scotland without the consent of the Scottish Parliament."

The Sewel Convention was observed from 1999. Although the Scotland Act 1998 was amended in 2016 to mention the convention, in 2017 the UK Supreme Court ruled that that this did not convert the Convention into a judicially enforceable or legally binding rule, but rather that it remained only a 'political convention' which the Westminster government could set aside without the risk of legal challenge or any binding sanction or remedy.

See Cabinet Office (2011) Devolution Guidance Note 10

As shown above, the Trade and Cooperation Agreement is no substitute for EU membership. Moreover, the UK Government's Retained EU Law (Revocation and Reform) Act 2023<sup>133</sup> is designed to enable deregulation and divergence from EU laws. This:

- risks a race to the bottom in standards, potentially removing 47 years' worth of progress on environmental protection, workers' rights, food safety, animal welfare, consumer protection and much else
- risks increasing barriers to trade by distorting the level playing field on which the Trade and Cooperation Agreement is based
- applies to devolved matters in Scotland, despite the clear desire of the Scottish Parliament to maintain EU standards
- further undermines devolution as it was passed without the agreement of the Scottish Parliament

Brexit has severely reduced the opportunities for Scotland to collaborate with European partners on cross-border challenges. For countries outwith the EU, neither national nor sub-national governments have formal locus to influence EU laws and policies. Even if the Westminster government were to listen to, and fully represent, the views of the people of Scotland, we would have substantially less opportunity to contribute to global and societal challenges such as climate change and a healthy marine environment, to influence international human rights and equality policies, or to shape food standards in one of our largest markets, alongside many other things.

As shown above, the Westminster government's decision to ignore the views of the majority of people in Scotland and take an ideological approach to leaving the EU has resulted in Scotland losing out economically, socially, politically and culturally.<sup>134</sup> Independence offers Scotland not only the chance to recoup these losses, but to do so with the promise of our voice being heard in the future. Independence is the only way to guarantee that Scotland can avoid a race to the bottom in standards – which is an approach the Westminster government appears to be taking.<sup>135</sup>

### A better relationship: EU membership for an independent Scotland

# **Key points**

Through membership of the EU as an independent country Scotland would regain the many economic, societal and cultural benefits and opportunities lost through Brexit.

As an independent nation in the EU, Scotland would, for the first time, be able to represent the interests of its people and influence decision-making directly in the EU. And Scotland would have the opportunity to contribute directly to the broader aims of the EU and to shape the future of the EU.

The EU's core values, based on human dignity, equality, rule of law, freedom, democracy and human rights, are also Scotland's values.

Membership of the EU would give Scotland the opportunity to contribute to a shared agenda – for example, promoting social justice and human rights and tackling global challenges, such as climate change and global health.

Scotland would be part of the world's largest single market – almost 450 million consumers compared to the UK's 67 million – and would benefit from favourable trading terms and contribute to setting global standards.

EU membership would make trading cheaper and quicker, and would be an important factor in attracting foreign direct investment to Scotland.

As a member of the EU, an independent Scotland would be able to attract and retain people from across the EU to sustain competitive businesses, world-leading universities, dynamic communities and efficient public services.

Scottish citizens would once again be able to move freely within the EU to work, study, live and do business. And they would once again benefit from equal access to healthcare should they fall sick or have an accident while travelling in the EU.

This section outlines how re-joining the EU would promote Scotland's place in the world, deepen our relationships with others, and play a valuable role in addressing global challenges and providing aid and support to developing countries. We would regain the benefits that have been lost through Brexit, and gain the opportunity to contribute to promoting peace, democracy and human rights globally as a sovereign nation.

Through membership of the EU, an independent Scotland would, for the first time, be able to represent Scotland's interests directly in the EU and have a direct role in decision making at the EU level. Participating alongside 27 other European states, an independent Scotland would directly represent Scotland's interests and operate as part of a powerful bloc on the wider international stage.

Membership of the EU as an independent country would restore Scotland's place in the EU and the many opportunities and benefits it offers. Returning to the European single market would allow for the free movement of goods, services, capital and people throughout the EU (see <u>Annex 2</u>). And for the first time, Scotland's government would be able to ensure that Scotland's interests were fully represented in the EU as a full and equal partner.

After centuries of conflict, for more than 70 years the EU and its predecessor European communities have been fundamental to an unprecedented era of freedom, peace, prosperity, openness and stability for its member states across a growing area of the continent of Europe. Like-minded, independent, sovereign states co-operating for the common good, staying united, looking for joint solutions and promoting fairness, protecting democracy and the rule of law have demonstrated that we can achieve far more and wield far greater influence when we work together, economically and politically on a basis of equality.

Through the four fundamental freedoms, the EU helps people improve their lives. It helps businesses to innovate and grow. And it helps governments in member states to achieve economic prosperity and security for their citizens. It protects valuable and hard-won social protections like employment rights, maternity leave and the right not to be discriminated against on the grounds of age, gender, disability, race or sexual orientation. EU membership also enables member states to work together across the continent to tackle pressing global challenges, such as Russia's attempts to destabilise security, climate change, energy security and providing sanctuary for refugees.

This section therefore outlines a vision for building a better, stronger and more influential country. This is a vision for EU membership for an independent Scotland.

# Benefits of EU membership for an independent Scotland

EU member states, and many aspiring member states, place immense value on being part of the EU.<sup>136</sup> This is both from a peace and security perspective, as in the response to Russia's invasion of Ukraine, as well as for the benefits of the European single market including the freedom it affords their citizens to travel, work and reside throughout the EU.

A number of studies have attempted to quantify the impact of EU membership on income. Studies that focus on the EU as a whole generally show a positive impact on aggregate GDP in the long run, with some estimates showing a 2% to 9% boost to GDP.<sup>137</sup> Other studies have explored the impact on GDP per capita and find that EU membership increased income per head by 10% to 22% in the long run, with small economies benefitting more from EU integration.<sup>138</sup> EU membership has also been shown to increase investment and foreign direct investment, and benefit economies through the free movement of people.<sup>139</sup>

As set out in 'Building a New Scotland: A stronger economy with independence', <sup>140</sup> EU membership would be central to Scotland's future economic and social success, with independence the only constitutional route to securing EU membership again in the future.

Shared values are at the heart of membership. But the benefits to Scotland would extend to the economy, society, culture and Scotland's future.<sup>141</sup> Here are just some of the major benefits of EU membership for an independent Scotland:

- being part of the world's largest single market, with free movement of goods, services, capital and people, and access to the EU's suite of trade deals with third countries around the globe
- being part of an organisation with global reach, with the opportunity to contribute with our EU partners to tackling global challenges such as climate change and global health
- a shared agenda to promote social justice across the EU and protect the rights and interests of workers and families
- the opportunity for citizens to move freely within the EU to work, study, live and do business, gaining experience they can share on their return. This helps ideas and expertise to be shared, promoting innovation and increasing productivity
- the ability to attract and retain people from across the EU to sustain competitive businesses, world-leading universities, dynamic communities and efficient public services. This is especially valuable for smaller countries, such as Scotland, facing demographic challenges
- the opportunity to contribute directly to the policies of one of the most influential actors in global trade negotiations, and to benefit from being represented by the collective weight of the EU in international trade negotiations and disputes. Because it negotiates as the world's largest single trading area, the EU is able to secure better terms of trade for its member states than they could achieve negotiating on their own. The EU also exerts wider influence in both setting standards and in requiring that they be observed for example by ensuring that human rights and environmental standards are reflected in trade deals
- an equal voice in the development of the EU's common foreign and security policy, the
  importance of which has been underlined by events in Ukraine. This includes contributing to
  future debates on the EU Strategic Compass, which sets out the EU ambition to strengthen
  collective security by 2030, and enhancing each member state's contribution to international
  development and environmental protection, including the Sustainable Development Goals
- a partnership approach to freedom, security and justice: working with EU partners to combat organised crime, terrorism, cybercrime, drug and people trafficking and money laundering
- the ability to influence key decision making with a seat at the European Council table, Scottish MEPs in the European Parliament, a Scottish member of the College of Commissioners in Brussels. EU policies and standards are increasingly adopted as global standards in international trade. As an EU member state in its own right, Scotland would be able to influence their development and design to ensure that they optimise Scotland's trading potential
- the same opportunities as other member states to access EU funding streams such as support for more sustainable agriculture, infrastructure, regional economic development, and guaranteed participation in programmes such as <u>Horizon Europe</u>, which supports research and innovation
- the opportunity for our universities and small and medium-sized enterprises to benefit from risk capital and guarantees from the European Investment Bank and European Investment Fund
- mutual recognition of professional qualifications across the EU allowing firms and individuals in Scotland to offer their services in the EU within a common set of rules and source professional services from the EU
- access to consular services around the world through the embassies or consulates of other EU member states, helping provide support to Scottish citizens overseas when they need it

With membership of the EU Scottish citizens would once again be EU citizens, able to live, study and work in any EU member state with equal treatment in working conditions, mutually recognised qualifications and protected social security rights. Not only does this guarantee minimum working conditions and standards in the workplace, it also opens up opportunities and more job choices for workers and brings a rich social and cultural diversity to our communities.

EU membership would mean that artists and creative professionals could move freely between Scotland and the rest of the EU, without barriers like visa and customs requirements when working in other countries. Freedom of movement makes activities – such as touring, collaborating with artists in other countries, and taking part in cultural productions and festivals – much smoother and less expensive. 142 Cross-border collaboration and partnerships help to drive knowledge exchange, innovation and skills development, while expanding audiences. They are key to building a more vibrant and diverse sector, while supporting social inclusion and community cohesion. 143

As a member of the EU, Scottish firms would be able to trade freely with more businesses and sell to more customers. Scotland would re-join the world's largest single market for goods, which accounts for almost 450 million consumers<sup>144</sup> compared to the UK's 67 million,<sup>145</sup> 26.3 million businesses<sup>146</sup> compared to the UK's 5.6 million,<sup>147</sup> 16.2% of global trade compared to the UK's 4.1%,<sup>148</sup> and 47% of Scotland's international exports.<sup>149</sup> There are no tariffs or duties for goods, and significantly lower levels of non-tariff barriers in comparison to the Westminster government's EU trade deal. This makes trading cheaper and quicker.<sup>150</sup>

Companies – such as those working in the digital economy, financial sector, energy sector and the green economy – would be able to set up branches throughout the EU, providing access to more customers, and to compete directly from Scotland. And through independence and EU membership Scottish businesses – particularly data intensive service industries such as accounting, banking and telecommunications – would follow the same rules as others operating in the EU. This includes state aid rules which ensure that companies compete on an equal footing across the EU.

The benefits EU membership would provide to Scottish businesses are continuing to develop. For example, with a focus on artificial intelligence (AI),<sup>151</sup> digital transformation and the service economy<sup>152</sup> the EU is continuing to strengthen and deepen the single market whilst making the transition to a green and digital economy. This will ensure the EU remains globally competitive, clamping down on anti-competitive abuses by the world's largest technology platforms and protecting consumers' rights,<sup>153</sup> as it recovers from the COVID pandemic, and builds resilience in response to the invasion of Ukraine.<sup>154</sup> Scotland would also be part of new developments that will affect global trade, such as the Carbon Border Adjustment Mechanism.<sup>155</sup>

The development of the EU digital single market is making it easier and safer for EU citizens and companies to access and sell goods and services online across national boundaries. Free mobile roaming across the EU has been extended until 2032 and now covers 5G and provides better information and protection for customers.<sup>156</sup> Work is underway to further improve the free flow of data and unlock the opportunities of AI, the 'Internet of Things' and other emerging technologies whilst protecting people's privacy.<sup>157</sup>

With membership of the EU, Scotland's digital and service economy would benefit from these current and future developments through better regulation, innovation opportunities, increased choice, lower prices and better protection of consumer rights and privacy. Scotland would automatically benefit from the free flows of data between all member states, reducing time and cost to consumers and businesses. There would also be no need to receive, and renew every four years, a data adequacy decision to allow personal data to be exchanged, as is currently the case between the UK and the 27 member states.<sup>158</sup>

Membership of the European single market also plays an important role in attracting foreign direct investment to Scotland. In 2019, there were 1,225 EU foreign-owned registered private sector businesses in Scotland, which supported approximately 132,000 jobs. Scotland's natural capital, infrastructure, skilled graduates, quality of life and membership of the EU's single market would make an independent Scotland attractive for foreign direct investment as an EU member state.

By participating fully as an independent state in EU judicial cooperation and information-sharing involving member states' police forces and public prosecutors, we would also equip Scotland's police and prosecutors with more tools to better combat increasingly sophisticated criminal networks – including access to the Schengen Information System, and European Arrest Warrant.

EU membership also brings benefits to the daily lives of EU citizens. For example, holiday-makers are fast-tracked across EU borders and are able to use their driving licences throughout the EU. There is equal access to healthcare for all EU residents if they fall sick or have an accident while travelling in the EU. And there is a guarantee of no additional mobile phone roaming charges for EU residents travelling in the EU.

### Where would that take Scotland?

Re-joining the EU would provide opportunities for an independent Scotland's economy to grow. Using the levers afforded through independence, re-joining the EU would reverse some of the detrimental impact of Brexit<sup>161</sup> and restore the benefits EU membership affords.

An independent Scotland would benefit greatly from EU membership, but our ambitions are not just about recovering lost ground or advancing our own interests. As an independent nation in the EU, Scotland would have the opportunity, for the first time, to contribute directly to the broader aims of the EU and to be a voice helping to shape the future of the EU.

# Case study: Ireland and the European single market

Membership of the European Economic Community (EEC) and EU has played a pivotal role in diversifying Ireland's economy. Ireland joined the EEC in 1973 (when the UK also joined) and this quickly led to the geographic diversification of Irish exports. However, even as late as 1979 the UK accounted for about a half of both exports to and imports from Ireland. The subsequent period brought further diversification, which coincided with accelerated trade liberalisation in both Europe and globally.

Over the period following the establishment of the European single market in 1992, the EU's share in Ireland's imports of goods increased. Over the same period Ireland reduced its reliance on the UK economy, in both imports and exports of goods.

The Irish performance has also been characterised by a significant diversification beyond its traditional UK markets over time. In this respect, the assessment and arguments presented by Professor Kevin O'Rourke discussing Ireland's economic development as an independent country is of interest. Professor O'Rourke argues that "a plausible candidate" for Ireland's economic underperformance in the period between 1954 and 1973 (when Ireland joined the then EEC) was "excessive reliance on the sluggish British economy." Exports from Ireland to the UK fell as a percentage of Ireland's total exports from 66% in 1970 to 10% in 2019 due to even faster growth in other markets. The UK share of Irish imports fell from 53% to 23% over this period.

In addition, Ireland's global services exports and imports both increased by more than 260% between 2005 and 2019. Over this period, Ireland's reliance on services exports to the UK fell from 16% to 12% of total exports, and imports from the UK decreased from 17% to 8% of total imports. $^{166}$ 

Over the period since Ireland became a member of the EEC, its population, GDP and national income per head have grown (see table 2 and figure 1).<sup>167</sup> Part of the growth can be explained by the fact that, once the Irish economy was opened up to trade and capital inflow, the conditions for rapid growth were right.

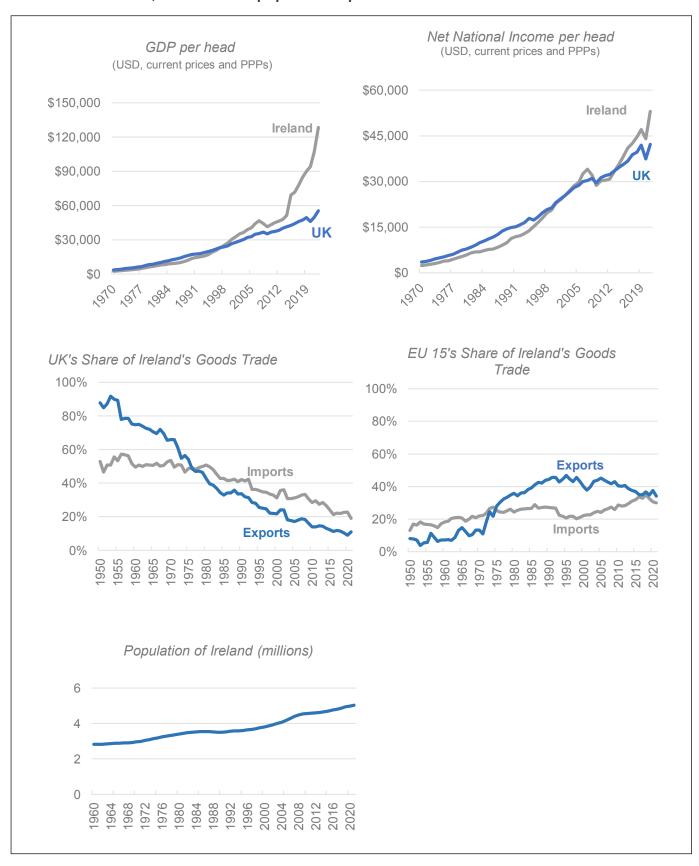
Professor O'Rourke argues: "underpinning everything was two crucial factors: our political independence, which allowed us to adopt a policy mix well suited to our own circumstances; and our membership of the European single market, without which none of this would have worked. Political independence and EU membership were never fundamentally at odds with each other in Ireland; both were required to give full effect to the other. Our independence would not have worked as well as it did without the EU; our EU membership would not have worked as well as it did without independence." 168

Table 2: Ireland and the UK's GDP and net national income per head, Ireland's trade patterns with the UK and EU, and Ireland's population  $^{169}$ 

	1973	1979	2000	2019	2021
Population of Ireland (millions)	3.09	3.37	3.81	4.93	5.03
Ireland – GDP per head (USD, current prices, current PPPs)	3,149	5,935	30,219	89,847	106,879
UK – GDP per head (USD, current prices, current PPPs)	4,785	8,105	26,544	49,318	49,815
Ireland – Net National Income per head (USD, current prices, current PPPs)	3,025	5,322	22,882	47,004	53,009
UK – Net National Income per head UK (USD, current prices, current PPPs)	4,572	7,474	23,149	41,969	42,193
UK share of Ireland's goods exports (%)	55	46	22	10	11
UK share of Ireland's goods imports (%)	51	50	31	23	19
EU share of Ireland's goods exports (%)	24	35	40	35	34
EU share of Ireland's goods imports (%)	26	26	22	33	30

Sources: See endnote<sup>170</sup>

Figure 1: Ireland and the UK's GDP and net national income per head, Ireland's trade patterns with the UK and EU, and Ireland's population up to 2021



Sources: Ireland's Net National Income is viewed as a more reliable estimate of the economic activity generated and retained in Ireland due to the influence of multinational corporations in the estimate of GDP. See endnote<sup>171</sup>

# Opportunities, responsibilities and the contribution of an independent Scotland as an EU member state

# **Key points**

Scotland has much to offer the EU. EU membership as an independent country is the best way for us to collaborate on shared challenges and opportunities.

Scotland has abundant renewable energy resources, ambitious climate commitments, renowned research and innovation expertise and a vibrant and diverse culture. With these and other assets, an independent Scotland could help the EU to achieve its ambitions, including its climate change goals, while also contributing to energy security in EU member states.

This Scottish Government would apply to join the EU as soon as possible after independence. There is a clear, merit-based process for doing so and Scotland would follow that process.

Scotland is well placed to move quickly through this accession process. We are committed to EU values, and already have a high level of alignment with EU law and after being part of the EU for almost half a century, a thorough understanding of how the EU operates.

The Scottish Government recognises the responsibilities that come with EU membership and would commit to these fully.

The other nations of the UK and Ireland would remain Scotland's close and valued friends and allies. By remaining in the Common Travel Area there would be no new passport or immigration checks at any of an independent Scotland's land, sea or air border points with the UK and Ireland for those travelling between Scotland, the UK and Ireland.

Scottish citizens would be able to take full advantage of their rights as EU citizens, just as citizens of Ireland do.

Scottish businesses would be able to trade with the EU without restrictions. Checks on goods between Scotland and the EU would be removed and people living in Scotland would be able to offer their services throughout the EU.

Trade with the rest of the UK would be based on the trade arrangements agreed between the EU and the UK at the time. Measures would be put in place to smooth checks required as a result of Brexit on goods moving to and from England and Wales.

In recent years the EU has had to respond to a series of crises including climate change, COVID and Russia's illegal invasion of Ukraine. At the core of these responses have been efforts to strengthen the resilience of EU member states in the face of global challenges, and to promote economic recovery and solidarity for member states, communities and citizens. Central to the EU's response on COVID has been the Next Generation EU Recovery and Resilience Facility − a fund of around €750 billion made up of grants and loans − to support member states' recovery from the pandemic.

Brexit itself was also a huge challenge for the EU, and one where the EU member states maintained unity in response. The EU's solidarity was seen in the establishment of the EU's Brexit Adjustment Reserve, created to help all member states adapt to the impacts of Brexit; €920.4 million in funding was approved for Ireland, for example.<sup>172</sup>

At a time of multiple global challenges, the EU also plays an important role as the largest donor of international development assistance.<sup>173</sup> Recognising that financial aid alone is not enough to sustainably reduce poverty, the EU also plays an important political role.

The EU will likely continue to adapt to the changing global context.<sup>174</sup> The Russian aggression against Ukraine in particular is leading to significant change in a number of EU policy areas, <sup>175</sup> and the implications may be far reaching. For example, the debate around enlargement is developing, as are discussions in areas like strategic resilience (including energy supplies), the EU's role in foreign and defence policy, and the European decision-making and policy-making architecture.<sup>176</sup> The Scottish Government believes Scotland can benefit from direct participation in these strategic debates and responses.

Scotland also has the capacity to contribute significantly to the EU. Our scientists, our creative artists, our companies and our experience in sustainably managing natural resources and potential for major exports of renewable energy have much to offer the EU.

Scotland has a well-deserved reputation as a welcoming and inclusive country.<sup>177</sup> Values are of critical importance to Scotland, as they are to the EU. We are committed to contributing to the common good in the pursuit of a fairer and greener society. We vigorously defend the freedoms and social rights of our citizens,<sup>178</sup> and are fully committed to the rule of law. We also welcome people from the EU and beyond, bringing as they do a rich diversity to our communities and creating a vibrant and dynamic society.<sup>179</sup>

EU membership brings enormous opportunities to independent states seeking to enhance the lives of their citizens, to safeguard the future for the next generations and to find the solutions to cope with the global challenges that confront us all.

In delivering a just transition to a net zero, nature-positive, wellbeing economy, we can make a constructive contribution to addressing global challenges. Scotland's strengths in renewables, education, and research and development could help the EU develop technologies of the future and contribute to the crucial innovation the EU needs in order to make the transition to net zero, remain competitive and protect the EU's independence and security.

After 47 years as part of the EU, Scotland has developed networks amongst policy makers in the European Commission, European Parliament, and EU member states and their regions. An independent Scotland would be able to build on these relationships, both through EU structures and informally, and to collaborate with EU partners to support our aims. The Scottish Government's Brussels office has evolved over more than 20 years and would provide a strong foundation for a Scottish Permanent Representation to the EU when an independent Scotland joins the EU. The section below sets out just a few examples of what an independent Scotland would bring to the EU as a member state.

# What Scotland would bring to the EU

The EU is committed to its values of promoting peaceful coexistence, respect for human rights, and prosperity built on co-operation, sustainable development and international law. An independent Scotland would share these values and be well placed to contribute to them.

If this Government forms the first government of an independent Scotland our approach would be based on rights, consistent with our focus on fairness and inclusion here in Scotland and our work on the rights of women, children and marginalised groups. We would focus in particular on contributing to the promotion of progressive and democratic values, addressing the global climate and nature emergencies, promoting sustainable inclusive growth and developing research and innovation partnerships to promote the prosperity and wellbeing of citizens.<sup>181</sup>

Russia's illegal invasion of Ukraine has led many EU member states to reduce their reliance on imports of Russian oil and gas significantly. Scotland's abundant resources of renewable energy make it ideally placed to become a reliable supplier of clean energy and to contribute to the EU's energy security and transition to a low-carbon society. As an EU member state, Scotland could therefore help the EU achieve its net zero ambitions and climate change goals.

Further papers in the 'Building a New Scotland' series will set out how Scotland can use the full powers of independence to deliver these resources, including opportunities as a supplier and exporter of renewables and hydrogen. They will also consider the opportunities for Scotland as a pioneer of new technologies in emerging sectors, with the ability to export both increasing amounts of renewable energy and manufacturing and intellectual property.

Scotland is an energy-rich nation. Scotland generates more renewable energy than is required to power all households in Scotland. We are also a net exporter of electricity, with our exports being enough to power all households in Scotland for over two years. Our production and capacity for further export will increase in future.

Hydrogen is a clean alternative to natural gas, and can be produced from a variety of sources, including renewable sources such as wind and solar. Scotland has the potential to be a reliable and low cost supplier of green hydrogen within the EU. The Scottish Government's Hydrogen Action Plan<sup>185</sup> sets out plans to generate 25 Gigawatts (GW) of hydrogen – equivalent to more than half of Scotland's current energy demand – by 2045.

Hydrogen made in Scotland can help other European countries meet their own decarbonisation aims. The Scottish Government has already signed memorandums of understanding on exporting hydrogen and knowledge exchange with Hamburg and North-Rhine Westphalia in Germany, and with Denmark. Scotland's surplus hydrogen production could also help the EU achieve the new hydrogen targets in the European Commission's REPowerEU\_package, which supports the EU's energy transition towards renewables. This shows that Scotland has the resources, the people, and the ambition to become a leader in hydrogen production.

Scotland's large sea area<sup>187</sup> and high average wind speeds<sup>188</sup> provide significant offshore wind and tidal energy potential.<sup>189</sup> Subject to planning and consenting decisions and finding a route to market, we have a potential pipeline of over 40 GW of offshore wind generation projects.<sup>190</sup> At the same time as enabling Scotland to meet its ambitious renewable energy targets, that potential could help the EU deliver its sustainable growth strategy.

An independent Scotland could also play a role and support the EU's priorities to develop the offshore grid and renewable energy potential in the North Sea.<sup>191</sup>

Scotland's innovation and contribution to the growth of renewable energy sources also has a strong potential to stimulate employment in Scotland and the EU. Scotland is already a hub for renewable energy and can expand this through EU membership, stimulating a growth in green jobs throughout Scotland from the creation of jobs in new 'green' technologies.<sup>192</sup>

Our academic sector is a leading source of innovation and research and could help deliver new technologies of EU-wide importance. Scotland is a leader in the development and deployment of wave and tidal energy technologies with: the world's leading wave and tidal test centre, the European Marine Energy Centre in Orkney; the world's largest planned tidal stream array; and, according to its makers, the world's most powerful tidal stream turbine. Scotland remains among the best placed nations in Europe to deploy Carbon Capture and Storage due to our unrivalled access to vast carbon dioxide storage potential in the North Sea. This presents us with an economic opportunity to be at the centre of a European hub for the importation and storage of carbon dioxide from Europe.

Scotland is also well positioned to be an influential partner in supporting the EU's transition into a resource-efficient and competitive economy. The Scottish Government is already taking significant strides to drive inclusive economic growth to reduce environmental and health impacts. This will be developed further through our approach to the circular<sup>196</sup> and blue economies.<sup>197</sup> This has the potential to support both the European Green Deal<sup>198</sup> and the associated Green Deal Industrial Plan<sup>199</sup> where in committing to becoming climate neutral the EU has set the standard for climate ambition, and the aims of the Recovery and Resilience Facility,<sup>200</sup> which seeks to make European economies and societies more sustainable, resilient and better prepared for the challenges and opportunities of the green and digital transitions.

An independent Scotland would be able to be a leading force within the EU to achieve our shared climate ambitions.<sup>201</sup> This Scottish Government's commitment to restoring and protecting Scotland's nature is well aligned with the EU's approach on halting biodiversity loss by 2030 and restoring nature by 2045. For example, we plan to protect 30% of Scotland's land for nature by 2030 and invest more than £250 million over ten years to restore at least 250,000 hectares of degraded peatlands by the same date, as an important carbon store. Our Scottish Biodiversity Strategy<sup>202</sup> will further drive the transformation needed in the way we use and manage our natural resources.

Scotland is currently driving diplomatic efforts for climate and nature action as the co-chair of the Under2 Coalition,<sup>203</sup> the largest network of sub-national governments committed to reaching net zero emissions by 2050 – or earlier – and by promoting the Edinburgh Declaration on Biodiversity.<sup>204</sup> This demonstrates how an independent Scotland could be a valuable member state of the EU, willing and able to make a leading contribution to its climate change and biodiversity goals.<sup>205</sup>

Scotland's expertise and research institutions have much to offer the EU. Eleven of Scotland's universities were in the top 200 of the Times Higher Education World University Rankings 2024<sup>206</sup> for international outlook, demonstrating why Scotland is a destination of choice for students and academics from all over the world, and is highly respected for science and research.<sup>207</sup> As part of the EU, Scotland would once again welcome Erasmus+ students from EU countries to our world class colleges and universities. EU students would, once again, enjoy the same access to higher education as Scottish students, which this Scottish Government has prioritised to include free tuition for those domiciled in Scotland.

Being in the EU would enable Scotland's researchers to collaborate in European partnerships automatically, and also ensure Scotland's involvement in setting the future direction of the flagship Horizon Europe programme. As a respected partner in European research programmes and technology partnerships, such as the Vanguard initiative, Scotland has expertise and best practice to share, including in areas such as data sciences, blockchain, renewable energy technology, ageing populations, anti-microbial resistance and advanced manufacturing. These areas are too great for individual nations to tackle alone. Collaborative research can also help develop technologies at scale.

An independent Scotland's globally renowned research and innovation system could help the EU achieve its ambition of being a global leader in Al. The Scottish Government shares the EU's commitment to adopting Al using a values-based approach<sup>210</sup> and, as a member state, we would collaborate closely to maximise new technologies and data science techniques for social and economic benefit. This would be based on a foundation of our high ethical standards and public trust.

Scotland has a large cluster of scientists working in life sciences. <sup>211</sup> This includes one of Europe's largest concentrations of animal and veterinary science expertise <sup>212</sup> as well as over 200 medical technology companies and 155 pharma services companies. <sup>213</sup> As a member state, an independent Scotland could contribute in areas of expertise such as energy, the environment and fisheries. We have the third largest salmon aquaculture industry worldwide <sup>214</sup> and are a major exporter of nutritious seafood, with the potential to make a direct contribution to enhancing European food security whilst also continuing to innovate to maximise sustainability and better conserve both the marine environment and marine biological resources.

Scotland's technology sector has particular strengths in games and software development, data science, biotechnology, sensors and connectivity.<sup>215</sup> The Scottish Government's ambition is for Scotland to become Europe's leading space nation,<sup>216</sup> with Glasgow already building more small satellites than any other place in Europe.<sup>217</sup> Scotland is therefore well positioned to contribute to the innovation and growth which will be critical to the EU's long-term prosperity and sustainable growth. With Scotland being home to a thriving tech ecosystem,<sup>218</sup> and a rapidly expanding computer games sector<sup>219</sup> we also have much to contribute to the digital economy.

Scotland's culture is internationally recognised and celebrated around the world.<sup>220</sup> An independent Scotland would bring capacity, expertise and new ideas to the EU's culture policy initiatives, particularly the Creative Europe programme. Scotlish organisations have historically been active participants in the Creative Europe programme, from festivals and sculpture workshops to galleries and dance companies. When Scotland re-joins the EU, Scottish organisations could again play a key role in supporting cultural exchange and collaboration across borders. Artists from other member states would be able to work and perform in Scotland without the barriers they now face, such as the need for visas, work permits or onerous customs requirements. This would give EU artists better access to Scotland's international festivals and the global platform they offer. It would also enhance the diversity and vibrancy of both the EU and Scotland's cultural scenes.

More broadly, the reach and global influence of Scotland's screen and creative industries sectors means that they can play an important role in helping to forge new cultural links, open up new international markets, and attract inward investment. Already, the screen sector attracts producers from around the world.<sup>221</sup>

As a founding member of the Wellbeing Economy Governments partnership,<sup>222</sup> the Scottish Government welcomes the EU's focus on the Beyond GDP agenda.<sup>223</sup> We will continue sharing best practice and learning from others' experience in applying a wellbeing approach to economic development.

Scotland occupies a strategic position on the northern edge of Europe, close to the Arctic. Under our proposals, membership of the EU and NATO, coupled with a strong relationship with the UK, would be the cornerstones of an independent Scotland's security policy. This will be explored in depth in a forthcoming paper.

An independent Scotland would be able to work in partnership with the EU and other allies to deliver defence and security capabilities that keep Scotland safe and uphold international peace and stability. As a member of the EU, Scotland would be part of the Common Security and Defence Policy (CSDP), an integral part of the EU's approach towards crisis management that draws on civilian and military assets. To fulfil our obligations under the CSDP, Scotland would contribute to missions that deliver diplomacy, humanitarian aid, development co-operation, climate action, human rights, economic support and trade policies, all of which are part of the EU's toolbox to promote global peace and security.

Scotland's values align with the EU's ambition for peace-keeping and conflict prevention. Important EU-led missions, such as the military Operation ALTHEA in Bosnia-Herzegovina, depend on support from member states. Following Brexit, the UK withdrew its military forces from the operation which plays an important role in maintaining stability in Bosnia-Herzegovina. With independence and as an active EU member state, this Scottish Government would fulfil Scotland's obligations under the CSDP fully, and support the EU's international efforts for peace.

As a member of the EU, Scotland would play its part in the further development of justice, home affairs, security and defence policies. Our justice system, with its single national police force and single prosecution authority, is agile, well-respected and already a contributor to the administration of justice across Europe.<sup>224</sup> We have experience of having a hybrid legal system, straddling both civil and common law traditions. As an EU member state, an independent Scotland could draw on this to contribute to the EU's legal institutions and development of good law. And, as set out in 'Building a New Scotland: Creating a modern constitution for an independent Scotland',<sup>225</sup> with a constitution of an independent Scotland setting out our values, we could enshrine and protect the EU values in law.

The EU, itself a party to major international human rights treaties like the UN Convention on the Rights of Persons with Disabilities, plays an important role in ensuring compliance with human rights and equality standards across all EU member states.<sup>226</sup> An independent Scotland would be able to deliver best practice at home and collaborate with other EU member states to promote international standards.

Scotland is, and will continue to be, a good global citizen, respecting its international commitments and welcoming people from all over the world. As an EU member state, Scotland would work with our EU partners on migration and asylum policy. We would participate constructively in EU refugee resettlement and relocation initiatives, taking our place in the EU's decision-making process, as a member in our own right, reflecting Scotland's values and goals.

# Joining the EU

This Scottish Government would apply to join the EU as soon as possible after independence. The EU's approach to enlargement is a merit-based process. Scotland's unique position – having been part of the EU for over 47 years with a positive record of implementation of EU legislation and a high level of alignment with EU law – makes it well placed to move through the accession process quickly. When asked about Scotland joining the EU in 2016, Lord Kerr of Kinlochard, former Ambassador and UK Permanent Representative to the European Union, commented: "I think that when independent the Scots could apply and probably get in pretty quickly through the door marked accession". Scotland is soon as possible after independence. The EU is applyed to position in the EU in 2016, and in EU is applyed to make a positive record of implementation of EU legislation and a high level of alignment with EU law – makes it well placed to move through the accession process quickly. When asked about Scotland joining the EU in 2016, Lord Kerr of Kinlochard, former Ambassador and UK Permanent Representative to the European Union, commented: "I think that when independent the Scots could apply and probably get in pretty quickly through the door marked accession".

In the meantime, this Scottish Government will continue to align with EU law and keep pace with future EU developments, where possible and appropriate. Scottish ministers will use their powers, which include a discretionary power to align Scots law with EU law in the UK Withdrawal from the European Union (Continuity) (Scotland) Act 2021, to keep Scotland close to our European partners, to uphold the EU's core values, and to protect and advance high standards across a range of policy areas. Doing so should also facilitate the process of Scotland's future return to the EU.

As well as already having a high degree of legal and regulatory alignment with the EU body of law, Scotland also already has skilled people with a detailed understanding of EU law in devolved areas. This includes expertise and administrative capacity in areas related to EU law in agriculture, rural affairs and fisheries, environment, food safety and consumer protection, transport, education, justice, culture, health and some aspects related to financial support for regional development, science and international cooperation.

Furthermore, Scotland will be in an unprecedented situation: no other country has been taken out of the EU and its single market against its will, and there is no precedent for a country seeking to re-join the EU.

Over the past five decades, the European Community (which became the European Union in 1993) transformed from a grouping of six Western European democracies to the world's largest economy, now encompassing 27 countries. Having expanded seven times, sometimes with one country joining on its own, sometimes with groups of countries joining at the same time, the EU has a clear accession process.

Article 49 of the Treaty on European Union (TEU) provides the legal basis and defines the procedure for a country seeking membership of the EU. Under the terms of Article 49, in order to be eligible to join the EU, a country must:

- be a state in its own right within geographical Europe
- respect and commit to the values set out in Article 2 of the TEU. These are respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities. Furthermore pluralism, non-discrimination, tolerance, justice, solidarity and equality between women and men must prevail

A state wishing to join the EU must also satisfy the "Copenhagen criteria", notably:

- **a. political criteria:** "stable institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities"
- **b. economic criteria:** "a functioning market economy and the capacity to cope with competitive pressure and market forces within the union"
- c. the ability to take on the obligations of membership: "adherence to the aims of political, economic and monetary union, adoption of the EU acquis and the administrative capacity to effectively implement and enforce the EU acquis" 229

Once a country has had its application for membership accepted, it becomes known as a 'candidate country' and negotiations can start on the conditions and timing of the adoption, implementation and enforcement of the EU's standards and rules (known as the 'acquis'). The acquis is split into 35 different policy areas (known as 'chapters') which are opened for negotiation in clusters. Each chapter is closed once the candidate country meets the fundamental requirements (such as the rule of law) and has transposed the relevant acquis into national law, or can demonstrate that it will implement by the date of accession. Chapters are negotiated in parallel.

Before completing the negotiations, as a candidate member state an independent Scotland would in principle be able to join or have working arrangements with EU agencies such as the European Environment Agency, European Research Executive Agency (which manages Horizon Europe research grants) and Eurojust (which supports judicial coordination and cooperation to combat terrorism and serious organised crime). EU agencies:

- shape and advise on EU policies, either directly or through advice to EU institutions
- implement EU policies
- monitor compliance with EU law
- administer EU co-operation programmes

Financial and transitional arrangements, such as how much the new member state is likely to pay into and receive from the EU budget and which rules will be phased in gradually to give new or existing members time to adapt, are also discussed and agreed. As a relatively wealthy member state Scotland could expect to be a net contributor to the EU. This might not be from the day of joining the EU: a number of member states with relatively small economies have initially been net recipients but over time have become net contributors to the EU budget.<sup>230</sup>

It is important to note that net budgetary contributions do not reflect the overall economic costs and benefits of EU membership. As shown above, many benefits go well beyond a simple financial calculation. Between 1973 and 2019, the UK's net contribution to the EU budget averaged at £5.1 billion per year.<sup>231</sup> In contrast, the Office for Budget Responsibility expects that UK productivity will be permanently lower due to Brexit,<sup>232</sup> with lost output equivalent to roughly £100 billion every year, and lost revenues for the Treasury equivalent to roughly £40 billion a year, according to analysis by the Financial Times.<sup>233</sup>

A candidate country can take the final steps to becoming an EU member state when it demonstrates that it will be able to play its part fully as a member, namely by:

- complying with all the EU's standards and rules (the 'acquis')
- having the consent of the EU institutions and EU member states; and
- having the consent of its citizens as expressed through approval in its national parliament or a referendum

The terms and conditions of membership, including any transitional arrangements (which can include temporary and permanent exemptions from EU rules, known as derogations), are incorporated into an accession treaty once negotiations have concluded.

In order to ensure continuity of rights and obligations as well as legal certainty during the EU accession process, this Scottish Government would seek to agree transitional arrangements. These would provide certainty and facilitate the continuation of trading arrangements – in a broadly similar manner to those in place before independence – until Scotland joins the EU.

When asked about the level of support in the EU towards an independent Scotland joining the EU, the former President of the European Council, Donald Tusk, said "Emotionally I have no doubt that everyone will be enthusiastic here in Brussels, and more generally in Europe." <sup>234</sup>

The Scottish Government recognises the responsibilities and obligations of EU membership and would commit to these fully. As noted above, Scotland has the administrative capacity and a track record of directly implementing those parts of EU law for which the Scottish Government had devolved responsibility. In currently reserved areas, Scotland would build capacity as required to ensure it would fulfil all EU membership obligations.

The Scottish Government has always recognised that the terms of Scotland's membership of the EU, including any transitional measures as a new member state, will be subject to negotiations with the European Commission and to the agreement of EU member states and the European Parliament, consistent with the relevant provisions of the EU Treaties. Given the merit-based nature of the EU accession process, this Scottish Government is clear that Scotland would be well placed to fulfil the requirements of the accession process under Article 49 of the TEU smoothly and quickly. The average time to join the EU is under five years (from the opening of the accession negotiations); Austria, Finland and Sweden joined the EU in under two years.<sup>235</sup>

# Currency

The third publication in the 'Building a New Scotland' series, A stronger economy with independence, <sup>236</sup> sets out this government's proposals for how an independent Scotland should put in place the macroeconomic framework necessary to provide stability, including the intention to continue using sterling in the early years of independence. To make the most of the full powers of independence, Scotland would, as soon as practicable, move from sterling to having its own currency, a new Scotlish pound. Like other European countries, Scotland would ensure we had a well-functioning economy able to thrive in the European single market. People and businesses – both at home and abroad – could be confident in an independent Scotland's economic strength and stability.

As a member of the EU, we would work jointly with other member states to encourage sustainable growth and stability. We would contribute to strengthening the EU's economic competitiveness. This would provide opportunities for new and small businesses to develop, and give consumers in Scotland access to the best products at the best prices.

This Scottish Government would apply to join the EU as soon as possible after independence whilst continuing to use sterling at the point of application. The process of establishing a Scottish pound would be closely aligned with the process of re-joining the EU.

In relation to the euro, as the European Commission has made clear,<sup>237</sup> no timetable for member states joining the eurozone is prescribed and as for other new EU member states, joining the euro would happen only if both the conditions for doing so (known as the convergence criteria)<sup>238</sup> were met and the Parliament of an independent Scotland decided this was the right course of action to take.

The architecture of the Economic and Monetary Union (EMU) explicitly stipulates that a country will only join the euro when it is ready, and the convergence criteria are there to ensure that introducing the single currency would be desirable both for the member state and the eurozone as a whole.

One of the convergence criteria is for a country to participate in the Exchange Rate Mechanism (ERM II) for at least two years before it can qualify to adopt the euro. The ERM II was set up to ensure that exchange rate fluctuations between the euro and other EU currencies do not disrupt economic stability within the single market, and to help non euro-area countries prepare themselves for participation in the euro area. Participation in ERM II is voluntary.<sup>239</sup>

Bulgaria, Czechia, Hungary, Poland, and Romania still retain their own currencies, in some cases approaching 20 years after accession. Sweden, which became a member state in 1995, still uses its own currency. In 2017 the then president of the European Commission Jean Claude Juncker said: "I have no intention of forcing countries to join the euro if they are not willing or not able to do so." <sup>240</sup>

In relation to fiscal issues, the EU's Stability and Growth Pact (SGP) framework, which seeks to ensure sustainable public finances so as to contribute to the stability of the EMU, is currently suspended to provide member states with the flexibility and resilience to respond to the pandemic and support economic recovery. In April 2023, the European Commission published a package of proposals to reorganise the EU's economic governance framework.<sup>241</sup> These proposals are expected to provide a more tailored approach to individual member states' circumstances, while retaining the fundamental budgetary objective of fiscal sustainability.

As a member of the EU, Scotland would participate in the European System of Financial Supervision, which exists to ensure consistent and coherent financial supervision in the EU. Scotland would also play its full role in shaping and influencing future EU financial services laws and principles, many of which are recognised as global standards. And we would co-ordinate our economic policies with other member states. It is not the case, as some assert, that countries are required to meet the requirements of the Pact before joining. However, our fiscal policy proposals in 'Building a New Scotland: A stronger economy with independence' set out how an independent Scotland would be committed to fiscal sustainability and sound public finances.

# **Common Fisheries Policy**

The Common Fisheries Policy (CFP) is the set of rules for managing fishing fleets of EU member states, conserving fish stocks and facilitating trade and marketing of seafood. The aims of the CFP – to ensure that fishing and aquaculture are environmentally, economically and socially sustainable, and that they provide a source of healthy food for EU citizens – are ones which the Scottish Government supports and to which it has much to contribute. The CFP also implements international agreements which Scotland would be committed to respecting.

The Scottish Government recognises that some parts of the CFP have historically been challenging for some Scottish fishing interests. But EU membership brings wider benefits for fishing and coastal communities, including opportunities to increase seafood trade and support for those communities.

The EU is one of the world's largest importers and consumers of seafood products.<sup>244</sup> From 2016 to 2019, on average three-quarters (76%) of all seafood exports from Scotland went to the EU. These exports were worth an average of £703 million per year. With the benefits of freedom of movement, our seafood businesses, many of which currently struggle to hire the people needed, would be able to access more easily the labour they require to grow sustainably.

The CFP has too often been used as a scapegoat for poor management of fishing rights by the Westminster government during the period of our EU membership. The Westminster government repeatedly failed to engage in a constructive way to influence EU fisheries rules, or to prioritise marine interests to the extent that other member states did. Proponents of Brexit claimed that voting leave would "take back control over UK waters, set our own fishing policies, and support our fishermen." But the reality is that since leaving the EU, the UK's Trade and Cooperation Agreement has failed the Scottish seafood industry.

For some key species the Scottish fishing fleet has worse access to fishing opportunities now than it had under the CFP. Some sectors are being damaged by new trading and logistical costs. For example our salmon sector faces an estimated £3 million per annum in additional costs from new barriers to trade with the EU and wider Brexit disruption. Despite the Westminster government's promises of annual quota negotiations, quota shares are – to some degree – fixed, even beyond the end of the adjustment period from 2026 onwards. If Westminster seeks to reduce or deny the EU's future access to UK waters, compensatory trade measures can be imposed, including on other Scottish economic sectors. No trade deal or agreement can be reached with the EU that will be as favourable for our marine sector in the round as EU membership.

As a member of the EU an independent Scotland would have the fourth largest sea area in core EU waters<sup>247</sup> and an opportunity to ensure Scottish interests were represented directly in fisheries negotiations in Brussels for the first time. Scotland is already well respected internationally for our approach to managing the marine environment and to marine planning, which helps to support both a healthy marine ecosystem and viable fishing communities. Our technical and compliance expertise would add significant value to delivery of EU strategic outcomes.

An independent Scotland would be able to bring a positive, collegiate and influential voice to the EU. We would be a champion of regionalisation – working in partnership with other member states to implement management measures in recognition of the different needs of different marine ecosystems. And we would use our expertise to support current and future reforms of the CFP, led by the European Commission, to maximise efficient and effective delivery of CFP outcomes.

# **Common Agricultural Policy**

The EU's Common Agricultural Policy (CAP) aims to support farmers, improve agricultural productivity and ensure the sustainable management of natural resources. The latest CAP, <sup>248</sup> implemented from 1 January 2023, is based on a more flexible and results-based approach, and will support European agriculture to contribute to the ambitions contained in the European Green Deal<sup>249</sup> and the Farm to Fork<sup>250</sup> and Biodiversity strategies.<sup>251</sup>

Member states are able to tailor actions within the context of common EU goals for social, economic and environmental sustainability. These common goals complement our own ambitions for Scottish agriculture as set out in our Vision for Agriculture.<sup>252</sup>

Re-joining the CAP would provide our rural economy with a stable funding framework and a guaranteed budget for agriculture for future years. As a member state, Scotland would work with others to continue to improve how the CAP supports the transition to net-zero and nature restoration.

# Relationship with the rest of the UK

As a member of the EU, an independent Scotland's trading relationship with the rest of the UK would be governed by whatever agreed trade arrangements between the EU and the UK were in place at the time (currently the Withdrawal Agreement and the Trade and Cooperation Agreement). But an independent Scotland's EU membership would not be at the expense of the myriad and valuable relationships we have, and will continue to have, with the UK. The other nations of the UK and Ireland will remain Scotland's close and valued friends and allies.

However, the context for this discussion is the UK's poor relative economic performance, both before Brexit and after it. As noted above, leaving the EU will mean a long-term fall in productivity – the key driver of living standards – compared with European Union membership. There has been much recent analysis setting out the scale of the UK's underperformance. The Scottish Government, in the first paper in the Building a New Scotland series, has shown that comparable independent countries to Scotland are both wealthier and fairer than the UK. The average national income, as measured by GDP, of those countries is £14,000 higher per head than the UK.²53 Professor Adam Tooze of Columbia University in a discussion on whether the UK is in economic decline or not says the UK has "decoupled" from the economic development of other rich nations.²54 The Financial Times has reported that "in 2007 the average UK household was 8 per cent worse off than its peers in north-western Europe, but the deficit has since ballooned to a record 20 per cent.²55

In light of this significant economic underperformance and Professor O'Rourke's argument that before becoming a member of the EU the Irish economy may have suffered from an excessive reliance on a sluggish British economy, it is relevant to ask whether Scotland too should become a member state of the EU to avoid reliance on a low productivity, low growth Brexit-based economy. To enhance that debate the Scotlish Government will set out through a series of speeches how an independent Scotland could adopt a different economic model to achieve

All EU member states share responsibility to monitor and control access to the EU by land, sea or air from non-EU countries. Part of protecting our place within the single market would require putting in place normal border arrangements, just like any other country.

higher growth, productivity and living standards.

As set out in 'Building a New Scotland: A stronger economy with independence', <sup>256</sup> checks on goods between Scotland and the EU would be removed. The rest of the UK will also remain an important trading partner for Scotland. Again as set out in that paper, the main component of exports from Scotland to the rest of the UK is services, whereas for manufactured goods international markets are more significant. <sup>257</sup> The Scottish Government, for its part, would put in place measures to smooth checks required as a result of Brexit on goods moving to and from England and Wales.

A number of recent developments at a UK level make it difficult to state definitively what checks may or may not be required for exports from an independent Scotland to the rest of the UK. For example, Westminster's main opposition Labour Party has stated that it would "tear down unnecessary barriers" and "eliminate most border checks" created by Westminster's current approach to Brexit by putting in place "a new veterinary agreement for agri-products between the UK and EU". The EU has veterinary agreements in place with several countries, including Canada, New Zealand and Switzerland. The CBI estimates that the EU-New Zealand Veterinary Agreement sees just 1-2% of its agri-food goods subject to physical checks upon arrival, compared to around 30% for the UK agri-food products currently entering the EU.

The intention of the Labour Party was confirmed at the end of August 2023 by Labour's then international trade spokesperson who said the aim was to reduce checks to "the lowest practicable level." <sup>261</sup>

The current Westminster government, whilst not currently in favour of a veterinary agreement, recently published its Border Target Operating Model, setting out a new regime for goods imported to Great Britain both from the EU and from the rest of the world.<sup>262</sup> The model is designed on a risk-basis, modernising trade by delivering a sliding-scale of checks that correspond to the level of product risk. It also sets in motion the development of a Trusted Trader Scheme and will be supported by technical solutions designed to minimise burdens on business. The Westminster Government says it will "move towards an increasingly digital border." <sup>263</sup>

This Scottish Government would expect to use a 'Single Trade Window' – a one-stop shop online platform where traders submit documents in advance, resulting in fewer and faster checks at the border. Many enforcement measures do not take place at the border itself. Instead, checks on goods are undertaken in shops or at other destinations, including food sampling to protect human health or customs and excise checks on alcohol to ensure that correct duties have been paid and that products are genuine. Through checks like these, and other systems such as spotchecks, we would ensure that the integrity of the European single market is maintained to protect consumers, confirm animal health and food safety and ensure fair taxation.

This approach, and a UK-EU veterinary agreement, would help minimise routine physical checks on goods using the main routes between England and Scotland. For minor routes, as along the Sweden-Norway border, Automatic Number Plate Recognition and cameras to monitor for non-compliance could be deployed.

Drawing from best practice around the world, an independent Scotland could seek to agree and develop the form of border that works best for our circumstances and needs and those of our partners in the EU and in the rest of the UK.

This Scottish Government would ensure that support is provided through:

- ample notice of any new trading arrangements, for both exporters and importers
- clear guidance to help Scottish businesses and businesses which trade with us to understand and comply with any new procedures
- practical help for companies trading with the rest of the UK, including a support service for paperwork and administrative requirements and a package of grants and loans that would be drawn up after detailed discussions with relevant businesses and business organisations. The Irish Government offered a package of support for industry after Brexit
- a new government ministry and minister with responsibility for trading with the rest of the UK

The Scottish Government is clear that free movement of people brings numerous benefits and opportunities – allowing citizens of the EU to live, work, establish businesses and study in any member state and giving them and their family members the same rights within the EU (see above). The Scottish Government is also committed to remaining an integral part of the broader social union that is the expression of the close economic, social and cultural ties that exist across the nations of the UK and Ireland. Independence does not threaten that social union. The EU has protected and enhanced the social and cultural links between Ireland and the rest of these islands. It was fundamental to the context for the peace process developed under the Belfast ("Good Friday") Agreement and the EU has consistently demonstrated its commitment to the Agreement throughout the Brexit process.

In joining the EU, an independent Scotland would adopt what is called the Schengen acquis<sup>264</sup> in so far as it concerns cooperation between police, customs and border authorities, and dealing better with illegal immigration. Under an arrangement called the Common Travel Area (CTA) Scotland would also retain freedom of movement with the UK and Ireland.

Ireland, as an EU member state, is part of the CTA, which is a long-standing arrangement recognised in EU Treaties.<sup>265</sup> Scotland's geography lends itself to a similar arrangement, in the event of Scotlish independence.

Within the CTA there would be no new passport or immigration checks at any of an independent Scotland's land, sea or air border points with the UK and Ireland for British, Irish and Scottish or EU citizens travelling within the Common Travel Area. It would also mean that rights to live, work, and access services, including housing, education and healthcare, would continue for British and Irish citizens in Scotland, and for the citizens of an independent Scotland in the UK and Ireland.

But in addition, Scottish citizens would be able to take full advantage of their rights as EU citizens, just as citizens of Ireland do.

Commentators overwhelmingly expect continued participation for Scotland in the Common Travel Area. For example, Professor Katy Hayward and Professor Nicola McEwen said in their UK in a Changing Europe report on Scotland's borders after independence:

[G]iven its unique geographic and historic circumstances, most specifically the existence of the Common Travel Area (CTA), most experts assume that Scotland would most likely seek and be granted an opt-out from the border control elements of the Schengen Agreement during membership negotiations with the European Union. This would not only preserve free movement of people between Scotland and the rest of the UK but, importantly, would ensure free movement between Scotland and Ireland, its closest EU neighbour [...]. The CTA [...] already has legal recognition in the EU Treaties and was protected in the UK-EU Withdrawal Agreement.<sup>266</sup>

# Conclusion

The majority of people in Scotland, the Scottish Parliament and the Scottish Government never wanted to leave the EU. Until Brexit, Scotland benefited from and contributed to the success of the EU. Since Brexit, Scotland has increasingly been distanced not only from the European single market – at considerable economic cost to the country – but from the community of sovereign states with which we share so many values and aspirations, and have achieved so much.

The EU's core values of human dignity, equality, rule of law, freedom, democracy and human rights are ones that Scotland shares. The EU's policy priorities of building a greener, fairer, more digital and more resilient future, are Scotland's priorities. Scotland shares with the EU a vision to promote the wellbeing of the whole of society, while rising to the challenge of a just transition in response to the global climate emergency.

EU membership amplifies and enhances sovereignty by being part of a partnership with other independent states. Consensus and co-operation are needed to meet the challenges that the world faces. The climate emergency, the impact of the digital revolution on employment, migration, terrorism, trade, security and inequality all require a coordinated approach. So rather than having to accept the Westminster government's position of increasing marginalisation, Scotland, with its long history of intellectual, cultural and economic openness, can choose to protect and advance its interests by becoming independent and an EU member state.

The rules-based international system, with its institutions such as the EU, provides the platforms and framework within which smaller states can operate and thrive. There is a clear process, as outlined in this paper, for an independent Scotland both to join the EU and, through democratic processes, participate on the international stage. We could build alliances with EU member states co-operating for the common good. We would have a seat at the table to shape policy and overall direction. We would have a voice and a vote.

With independence, Scotland can be a cooperative EU member state working on EU and global opportunities and challenges with our European counterparts. EU membership is central to Scotland's future economic, political, security and social prospects. Independence is now the only realistic way to achieve it.

# Annex 1: The EU system: institutions, bodies and agencies

The legislative, or law making, function of the EU is carried out by three institutions:

### 1. The European Parliament

The European Parliament represents the citizens of EU member states and is directly elected by them. Unlike most national parliaments, the European Parliament cannot initiate legislation but can ask the European Commission to initiate laws. It takes decisions on European laws jointly with the Council of the European Union. It also approves the EU budget.

### 2. The Council of the European Union, also known as the 'Council of Ministers'

The Council of the EU represents the governments of EU member states. It is where ministers from each national government meet to adopt laws and coordinate policies. The Council of the EU takes decisions on European laws and adopts the EU budget jointly with the European Parliament. It also has a supervisory role in the EU's international negotiations. The presidency of the Council rotates every six months among the member states.

National delegations meet at three levels of the Council: working groups, where Commission proposals are discussed by technical experts from the member states; the Committee of Permanent Representatives (composed of the ambassadors of each of the member states to the EU), which tackles political issues that the working groups are unable resolve; and ministers who have ultimate decision-making authority.

### 3. The European Commission

The European Commission is responsible for initiating laws (which are sent to the European Parliament and Council of the European Union for approval), enforcing the laws of the EU and managing the EU's policies and budget. It also represents the EU in negotiations with other countries or organisations. Political leadership comes from the College of Commissioners, which has one member from each member state and is headed by the Commission President. Work on developing policy proposals is undertaken by the Commission departments.

The overall policy direction and priorities of the EU is decided by the European Council.

The European Council brings together the political leaders – the Presidents and Prime Ministers – of the member states. The President of the European Commission is also a member. Together they set the general political direction and priorities for the EU.

The work of these four EU institutions is complemented by other institutions and bodies, which include:

The Court of Justice of the European Union, which is the judicial organ of the EU

The Court of Justice of the European Union ensures that EU law is followed. It reviews the legality of the acts of the EU institutions, ensures that EU member states comply with their obligations, and interprets EU law at the request of national courts to ensure that the Treaties are correctly interpreted and applied.

The European Court of Auditors, which oversees the budgets and accounts of the EU institutions

The European Court of Auditors acts as the independent guardian of the financial interests of EU citizens. It checks that EU funds are correctly accounted for, that they are raised and spent in accordance with the relevant rules and regulations, and that they deliver value for money.

The European Ombudsman, who safeguards fundamental rights

The European Ombudsman safeguards the fundamental rights of citizens living in the EU by ensuring open and accountable administrations within the EU. The role of the Ombudsman is complementary to that of the courts.

Some bodies have the task of advising the institutions (e.g. the European Economic and Social Committee); others ensure that the institutions comply with EU rules and procedures (e.g. the European Data Protection Supervisor). The European External Action Service is an external policy body that supports the EU on foreign affairs matters.

EU agencies contribute to the implementation of EU policies or to delivery of specific tasks – for example in relation to EU programmes. They support cooperation between the EU and national governments by pooling technical and specialist expertise and knowledge from both the EU institutions and national authorities.

Further information can be found on the European Union website: <u>Types of institutions and bodies</u>

# Annex 2: The Four Freedoms

The EU aims to enable EU citizens to study, live, shop, work and retire in any EU country and enjoy products from all over Europe. To do this, it ensures free movement of people, goods, services and capital in a single EU internal market. Increasing integration through these channels, known as the 'four freedoms', is the driver of economic growth. By removing technical, legal and bureaucratic barriers, the EU also allows citizens to trade and do business freely. These four fundamental freedoms are the cornerstones of the single market.

# Free movement of people

Free movement is a reciprocal right enjoyed by all EU citizens and members of the European Economic Area (EEA), which Scottish citizens will enjoy again when Scotland becomes a member state. There are rules and controls built into the EU Treaties which determine how an EU citizen is able to exercise their right to free movement.

For stays of fewer than three months (90 days), the only requirement for citizens of a country inside the European single market to move and reside in other member states is that they possess a valid identity document or passport.

If EU and EEA citizens choose to exercise their right to freedom of movement for stays of more than three months, they must be:

- employed,
- · self-employed,
- · seeking work
- · studying,
- · self-sufficient, or
- a family member of a citizen exercising those rights.

These requirements are to prevent placing an undue burden on the social protection systems of host nations. Generally, however, EU citizens have equal access to benefits and public services as nationals, although there are some restrictions. In the UK before Brexit, for example, jobseekers had limited access to job seekers allowance, and could only claim after their three-month initial period of residence – during those first three months, it was the responsibility of their home nation to provide jobseekers support.

EU member states may refuse entry to or, in certain cases, remove EU citizens of other member states on grounds of public policy (such as criminality), public security or public health; or in the event of abuse of rights or fraud.

# Free movement of goods

There are no customs duties or restrictions on the volume of goods travelling between any EU member state. Free movement of goods may only be restricted on a number of limited grounds such as a threat to public health or the environment.

To allow goods to circulate freely throughout the EU, all goods must meet specific technical, safety and labelling standards as defined by EU laws. The EU market surveillance system ensures that non-food products on the EU market do not endanger European consumers and workers. It also ensures the protection of other public interests such as the environment, security and fairness in trade. It includes actions such as product withdrawals, recalls and the application of sanctions to stop the circulation of non-compliant products and/or bring them into compliance.

As a member state, Scotland's businesses would re-gain access to the EU market and be able to export goods directly to anywhere in the EU without the additional costs and barriers brought on by Brexit.

# Free movement of capital

The free movement of capital involves lowering the restrictions and controls on funds moving between EU member states, with the aim of completely removing these. The free movement of capital underpins the single market and complements the other three freedoms. It also contributes to economic growth by enabling capital to be invested efficiently and promotes the use of the euro as an international currency, thus contributing to the EU's role as a global player.

The purpose of free movement of capital is to enable an efficient cross-border deployment of physical and financial capital for investment and financing purposes. This enables individuals to carry out many transactions, including

- · opening bank accounts abroad
- buying shares in non-domestic companies
- investing where the best return is
- purchasing property in another country

For businesses, it enables

- investing in, and owning, other European businesses
- raising finance where it is cheapest

With Scottish EU membership, businesses and individuals in Scotland would benefit from increased opportunities offered by the free movement of capital within the single market.

There are certain exceptions to the free movement of capital within the EU member states and also within those countries having trade agreements with the EU. These are mostly in relation to taxation, prudential supervision of financial institutions, public policy considerations and financial sanctions agreed under the Common Foreign and Security Policy. Specifically, sanctions and strict controls have been put in place to monitor suspicious transactions which may involve the movement of criminal funds through money laundering. If such transactions are found by financial institutions they are required to notify the requisite authorities of any such transactions.

The European Commission enforces the free movement of capital by <u>monitoring capital flows</u> and ensuring EU countries properly apply the relevant rules.

## Free movement of services

Under the free movement of services, companies from any EU member state can establish themselves in another EU member state and provide services in another EU member state other than the one where the company is established. The freedom of establishment and the freedom to provide services guarantees mobility of businesses and professionals within the EU. Scotland's EU membership would provide the Scottish services sector with increased opportunities for growth and increased mobility for Scottish professionals to work in the EU as well as EU professionals to work in Scotland.

Certain requirements can still be imposed on service providers but only when they are nondiscriminatory, justified for reasons of public policy, public security, public health or the protection of the environment and do not go beyond what is necessary to achieve their objective.

Given the increasing economic importance of the services sector, the EU has issued a number of Directives including the Services Directive and the Professional Qualifications Directive which are designed to further simplify cross-border provision of services within the EU and recognise professional qualifications across the EU. For example, the European professional card (EPC) is an electronic certificate for the recognition of qualifications for five professions – general care nurses, physiotherapists, pharmacists, real estate agents and mountain guides. It might be extended to other professions in the future.

# Acronyms

Al Artificial intelligence

**ALTHEA** The name of the European Union Force Bosnia-Herzegovina military operation

**CE** Conformité européenne

**CAP** Common Agricultural Policy

**CBI** Confederation of British Industry

**CFP** Common Fisheries Policy

**COP** Conference of the Parties

(United Nations Climate Change Conference of the Parties)

**CoR** Committee of the Regions

**COVID** Coronavirus disease (COVID-19)

**CSDP** Common Security and Defence Policy

**CTA** Common Travel Area

**EEA** European Economic Area

**EEC** European Economic Community

**EESC** European Economic and Social Committee

**EMU** Economic and Monetary Union

ERM II Exchange Rate Mechanism

**EU** European Union

FTA Free Trade Agreement

GDP Gross domestic product

**GW** Gigawatts

**GWh** Gigawatt hours

MEP Member of the European Parliament

NATO North Atlantic Treaty Organization

**REPowerEU** The name of the European Union's plan to reduce dependence on Russian fossil

fuels by fast forwarding the clean transition and achieving a more resilient energy

system in the EU

SGP Stability and Growth Pact
TEU Treaty on European Union

**USD** United States dollar

**UK** United Kingdom

# **Endnotes**

- 1 European Commission (2023) Population on 1 January, Eurostat statistics (accessed November 2023)
- The UK's population is approximately 67 million in comparison. Office for National Statistics (2021) United Kingdom population mid-year estimate (accessed November 2023)
- 3 European Commission <u>EU position in world trade</u> (accessed November 2023) and World Economic Forum (2023) These are the world's biggest trading blocs
- For example, the successful international proliferation of Europe's GDPR showed how EU democratic norms can shape global standards on privacy issues, and EU initiatives such as the EU-US and EU-India Trade and Technology Council; the digital partnerships with Japan, South Korea, and Singapore; or the Global Partnership on Artificial Intelligence at the OECD, have great potential to shape democratic technology standards globally. See Ringhof, J and Torreblanca, J (2022) The geopolitics of technology: How the EU can become a global player (European Council on Foreign Relations)
- 5 European Union External Action (2021) Human Rights & Democracy
- The EU's values are laid out in article 2 of the <u>Lisbon Treaty</u> (Treaty on European Union) and the <u>EU Charter of Fundamental Rights</u>. Note that the <u>Council of Europe</u>, which is not part of the EU but has a long tradition of co-operation with the EU, also shares the EU's values of human rights, democracy and the rule of law. The <u>European Convention on Human Rights</u> protects the human rights of people in countries that belong to the Council of Europe, which includes all EU member states.
- For example Scotland's National Performance Framework, which sets out an overall purpose and vision for Scotland, is guided by our values to treat all our people with kindness, dignity and compassion, respect the rule of law and act in an open and transparent way. Scottish Government National Performance Framework (accessed November 2023)
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- 9 Young, A. L. et al. <u>Europe's Gift to the United Kingdom's Unwritten Constitution Juridification</u>, in: Albi, A., Bardutsky, S. (eds) (2019) National Constitutions in Europe and Global Governance: Democracy, Rights, the Rule of Law, pp. 83 139, p. 83
- 10 ScotlandIS (2023) <u>Scottish Technology Industry Survey 2023</u> and UKTN (2022) <u>Regional spotlight: Why the future is bright for Scotland's tech industry</u>
- 11 See Scottish Government (2023) Scottish Energy Statistics Hub (accessed November 2023)
- 12 See Life Sciences Scotland Animal Bioscience, Aquaculture and Agritech (accessed November 2023)
- 13 See European Commission (2022) <u>2022 Strategic Foresight Report</u> which focuses on the interplay between the EU's twin transitions in a new geopolitical context. The <u>2023 Strategic Foresight Report</u> focuses on reconciling wellbeing and prosperity as part of those transitions.
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- 15 Scottish Parliament, <u>The path to devolution</u> (accessed November 2023)
- 16 Welsh Government (2021) Reforming our Union: Shared Governance in the UK 2021
- 17 The Smith Commission (2014) Smith Commission Report
- As set out in Scottish Government (2022) <u>Building a New Scotland: Renewing democracy through independence</u>, the range of voices recognising that Scotland is a nation within a voluntary partnership of nations, with a right to democratic self-expression and determination, is longstanding and reaches across the political spectrum.
- 19 What Scotland Thinks (2023) How would you vote in a second EU referendum?
- For example, Scottish Government (2018) Scotland's Place in Europe: people, jobs and investment or Fraser of Allander Institute (2016) Modelling the long-term impact of Brexit on the Scottish economy. Also, Scottish Government (2022) A stronger economy with independence and Fraser of Allander Institute (2019) Brexit and the sectors of the Scottish economy 2019 update
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- Scottish Government research identified that many of the areas most vulnerable to Brexit are in rural locations, in particular on the Scottish islands. Around half of communities in Shetland Islands, Na h-Eileanan Siar, Argyle & Bute and Dumfries and Galloway are amongst the most vulnerable communities in Scotland (20% most vulnerable data zones). Scottish Government (2019) Local level Brexit vulnerabilities in Scotland: Brexit Vulnerabilities Index (BVI)
- 23 UK Government (2014) Scotland analysis: EU and international issues
- The UK has attended the meetings of the <u>European Political Community</u>, an initiative created in autumn 2022 as a platform for political coordination incorporating both EU and non-EU states. Former Prime Minister Truss made clear that her attendance at the first meeting was "not about moving closer to Europe" See Reuters (6 October 2022) <u>UK's attendance at Prague summit 'not about moving closer to Europe' PM Truss</u> and Prime Minister Sunak confirmed that engaging with the European Political Community is "not about greater alignment. Under my leadership we'll never align with EU law." See UK Government <u>PM speech to the Lord Mayor's Banquet 28 November 2022</u>
- 25 Scottish Government (2021) After Brexit: The UK Internal Market Act and devolution
- 26 Scottish Parliament (2016) Report on the UK Government's Trade Union Bill in Scotland
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- The Westminster government has by-passed the Scottish Government in the delivery of both the Levelling Up Fund and UK Shared Prosperity Fund and is delivering directly to Local Authorities. EU Structural Funds were seven year-long programmes; the replacement, the UK Shared Prosperity Fund, is three years. Department for Levelling Up, Housing and Communities, HM Treasury and Department for Transport (2022) <a href="Levelling Up Fund Round 2">Levelling Up Fund Round 2</a>: prospectus and Department for Levelling Up, Housing and Communities (2022) <a href="UK Shared Prosperity Fund">UK Shared Prosperity Fund</a>: prospectus
- 29 Scottish Government (2021) The Brexit vote, 5 years on what do we know so far?
- 30 The Schengen Information System (SIS) is the most widely used and largest information sharing system for security and border management in Europe. As there are no internal borders between Schengen countries in Europe, SIS compensates for border controls and is the most successful cooperation tool for border, immigration, police, customs and judicial authorities in the EU and the Schengen associated countries. See also UK Parliament (2023) Lords Committee finds that post-Brexit UK-EU security cooperation is sub-optimal
- 31 Both the current UK Government and UK Labour are not seeking to join the European single market or customs union. See for example Keir Starmer's speech of 4 July 2022: "A plan to make Brexit work" Keir Starmer's speech to the CER think tank and David Lammy's speech of 21 June 2023: David Lammy MP Keynote speech (Trade Unlocked 2023 conference, June 2023). (The hyperlink is to a recording of the Trade Unlocked keynote speeches. David Lammy MP's speech begins around 40 minutes into the recording).
- 32 Scottish Government (2021) The Brexit vote, 5 years on what do we know so far?
- 33 See Chatham House (2016) <u>Britain, the EU and the Sovereignty Myth</u> and Taylor, R (2019) <u>The 'sovereign state'</u> is a myth. <u>Europe's nations are stronger when they band together</u> (The London School of Economics).
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- 35 European Environment Agency (2022) <u>Indicators</u> (accessed November 2023)
- The commitment is to reduce net greenhouse gas emissions by at least 55% by 2030, compared to 1990 levels, with an emphasis on ensuring cleaner energy, longer lasting and reusable products, and improving biodiversity and reducing pollution levels, and no net emissions of greenhouse gases by 2050. Source: European Commission (2019) A European Green Deal (accessed November 2023)
- 37 See Article 5(3) of the <u>Treaty on European Union</u> (TEU) and <u>Protocol (No 2)</u> on the application of the principles of subsidiarity and proportionality
- 38 This is provided for by Article 14(2) Treaty on European Union
- The allocation of seats in the European Parliament is based on the principle of 'degressive proportionality'.

  Article 14(2) Treaty on European Union
- 40 Scottish Government (2022) <u>Building a New Scotland: Renewing democracy through independence</u> and Scottish Government (2023) <u>Building a New Scotland</u>: Creating a modern constitution for an independent Scotland
- In the case of MacCormick v Lord Advocate, 1953 SC 396, Lord President Cooper said "The principle of the unlimited sovereignty of Parliament is a distinctively English principle which has no counterpart in Scottish constitutional law", but outside the field of EU law the courts have not invalidated any Westminster Act. In the Reference of the United Nations Convention on the Rights of the Child (Incorporation) (Scotland) Bill and European Charter of Local Self Government (Incorporation) (Scotland) Bill, the Supreme Court said "The Scottish Parliament...cannot qualify the sovereignty of Parliament, which is protected by a number of provisions of the Scotland Act", [2021] UKSC 42.

- 42 A referendum was held on 11 September 1997. Of those who voted 74.3% backed a Scottish parliament. After this result, the Scotland Bill was introduced in the Westminster parliament in December 1997. It became law as the Scotland Act in November 1998.
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- The Scottish Parliament legislated for a Deposit Return Scheme in May 2020 to tackle climate change and reduce harmful littering. This policy area is entirely within the devolved competence of the Scottish Parliament. However, without the UK Government passing secondary legislation to exclude this devolved scheme from the United Kingdom Internal Market Act 2020, the scheme could not be delivered as planned in 2023. Scotland's regulations would only apply to drinks produced or imported directly into Scotland but not to drinks that originate in, or pass through, other parts of the UK and the Scottish legislation could therefore not have full effect. The lack of an exclusion for the Deposit Return Scheme together with a number of conditions imposed by the UK Government on the operation of the scheme, made the scheme in its proposed form unviable and as a result it had to be delayed until at least 2025.
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- For example, Hughes, K (2020) <u>Smaller States' Strategies and Influence in an EU of 27: Lessons for Scotland</u> (UCL European Institute)
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- 49 National Records of Scotland (2022) <u>Mid-2021 Population Estimates Scotland</u> and European Union <u>Eurostat</u> (accessed November 2023)
- 50 European Parliament, MEPs (accessed November 2023)
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- 52 Sørensen, C (2019) Who is Big in Brussels? (Think Tank Europa)
- 53 European Union / Finnish Government (2019) <u>Sustainable Europe Sustainable Future, Finland's Presidency Programme 2019</u>
- 54 Spanish Presidency of the European Union (2023) Priorities (Council of the European Union)
- For examples of such grants and loans offered see European Commission <u>Financial instruments: equity, guarantees, and loans</u> (accessed November 2023)
- Executive vice-president of the European Commission for European Green Deal, Interinstitutional Relations and Foresight, Maroš Šefčovič, is from Slovakia, with a population similar to Scotland. Executive vice-president of the European Commission for an Economy that works for People, Valdis Dombrovskis, is from Latvia, with a population of less than 2 million.
- All EU member states are also members of the Council of Europe, which is not part of the EU but has a long tradition of co-operation and shares the same values as the EU. As a member of the Council of Europe an independent Scotland would have further opportunity for direct representation, including with appointments to the Parliamentary Assembly of the Council of Europe (PACE), which is the deliberative body and driving force of the Council of Europe, and to the Congress of Local and Regional Authorities of the Council of Europe (CLAR), which is responsible for strengthening local and regional democracy in the Council of Europe's 46 member states.
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- 59 Scottish Government (2023) Devolution since the Brexit Referendum
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- 61 Hughes, K (2020) <u>Written Evidence to House of Commons Committee on the Future Relationship with the EU</u>. Note also that every council in Scotland voted to remain in the EU in the 2016 EU referendum: Electoral Commission (2019) <u>EU referendum results by region: Scotland</u>
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- For example, the Office for Budget Responsibility forecasts indicate that the impact of Brexit on UK productivity will be 4% in the long run, Office for Budget Responsibility (2023) <u>Brexit analysis</u> (accessed November 2023)

- 64 McDonagh, B. <u>I sat at the EU's negotiating table for years and saw how great Britain's influence was,</u> The Guardian, 22 July 2019
- 65 Scottish Government (2020) <u>EU-UK negotiations</u>: <u>outcome analysis</u>
- For example, the UK Government has agreed to allow unlimited quantities of beef, tariff-free, into the UK after 15 years. In contrast, the EU–New Zealand FTA will maintain quotas permanently and apply a 7.5% tariff providing greater protection to EU farmers and food producers from New Zealand imports. New Zealand Foreign Affairs and Trade: EU-New Zealand Free Trade Agreement Annex 2A Tariff Elimination Schedules (accessed November 2023) and New Zealand Foreign Affairs and Trade: UK-New Zealand Free Trade Agreement Annex 2A Schedule of Tariff Commitments for Goods (accessed November 2023)
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- See Dawson J and Gower, M (2020) End of Brexit transition: Security cooperation (House of Commons Library) and House of Lords (2021) Beyond Brexit: policing, law enforcement and security. See also Letter 25 July 2023 from Baroness Hamwee, Chair Justice and Home Affairs Committee to The Rt Hon Suella Braverman KC MP, Home Secretary regarding the outcome of the Committee's inquiry into Post-Brexit UK-EU security cooperation (UK Parliament)
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- 74 Scottish Government (2021) The Brexit vote, 5 years on what do we know so far?
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- 96 House of Commons Committee of Public Accounts <u>EU Exit: UK Border post transition</u> Thirty-Sixth Report of Session 2021-22, HC 746, 9 February 2022, page 11
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- Note that EU Structural Funds were seven year-long programmes; the replacement, the UK Shared Prosperity Fund, is three years.
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  And Regenerative Farming
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