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Released on 07-09-2016 15:11

Update on EU

First Minister
7 September 2016
Statement to Parliament

Just before our summer recess, parliament gave the Scottish Government a mandate to explore all options to protect Scotland's relationship with the European Union.

Over the summer I have updated Parliament on two occasions in writing. Today, I will provide further information on our work, on our priorities, and how we intend to involve Parliament as we move forward.

Since the referendum, our first priority has been reassurance.

That has included seeking to do everything we can to reassure non-UK EU citizens living here in Scotland.

And let me say at the outset, it is in my view a disgrace that the UK government has not guaranteed the position of EU citizens. I therefore call again today on the Prime Minister to do the right thing and stop using human beings as bargaining chips.

We have also taken targeted steps to support and promote economic stability.

Last month, I set out a £100 million economic stimulus plan. Yesterday I announced that a £500m Scottish Growth Scheme will form a central part of our Programme for Government.

In taking these steps, we are acting on our obligation to mitigate the immediate effects of the referendum result and we will continue to do so.

But we also have to be realistic about the long term consequences of leaving the EU.

Those who are complacently crowing that the sky hasn't fallen in on the economy, would do well to remember that Brexit hasn't happened yet - it hasn't even started.

The reality – as every sensible economic commentator recognises – is that leaving the EU will weaken the economy. The damage will be even deeper if - as all the signals suggest - the UK is heading for a hard Brexit, outside the single market as well as outside the EU.

Applying the UK Government's own analysis to Scotland suggests this could result in our GDP being more than £10 billion lower than if we remain in the EU - the impact of that will be felt in jobs, trade, investment and living standards.

The G20 summit at the weekend was a harsh reminder of the consequences of Brexit.

The US made clear there would be no preferential treatment for the UK in trade talks.

And the Japanese government set out in detail the potential implications of leaving the single market: a loss of company headquarters; a hit to exports; turmoil in labour markets; damage to financial services; and cuts to research and development investment.

There is no doubt - leaving the EU will be an extraordinary self-inflicted blow to the UK's competitiveness and it will be compounded if the decision is to leave the single market as well.

That is why it is so essential that we work to retain the benefits of our EU membership.

Over the summer I set out the national interests that are at stake - our democratic and economic interests, our interests in social protection and solidarity and our interest in influencing the world we live in.

As I said on the morning after the referendum, we are committed to pursuing all possible options to protect these interests.

Of course, our ability to fully assess the different options will be constrained until we start to get some clarity about what the UK government is seeking to achieve.

That's one of the many reasons why, ten weeks on from the referendum, it is so frustrating that the Tories are no further forward in setting out what Brexit actually means. What we have in place of a policy is a meaningless, tautological soundbite.

Indeed, the position of the U.K. Government became even more farcical this week when the only scrap of substantive detail that David Davis volunteered in his statement to the Commons was immediately disavowed by the Prime Minister.

A Prime Minister who then, earlier today, was unable, or unwilling, to answer the simple question, does she want to see the UK in the single market – Yes or No.

However, as the position of the U.K. Government does take shape ahead of Article 50 being triggered, as surely it must, it is essential that Scotland's voice is heard.

To that end, we have been working hard over the summer in discussions with UK government officials and we continue to press for urgent clarification of how the UK will deliver on the Prime Minister's commitment to full involvement for Scotland.

I hope to be able to confirm soon, along with the UK and other devolved governments, how this engagement will work in practice.

The Parliament's approval of the appointment of Michael Russell yesterday ensures that we will have a dedicated Minister leading for Scotland in this process. We are also working closely with the other devolved administrations, the Crown Dependencies and the government of Gibraltar to make common cause where we can.

However, let me be crystal clear about this - and it is a point I have made directly to the UK government. The Scottish Government will not be window dressing in a talking shop to allow the UK government to simply tick a box. We expect to have - along with other devolved administrations - a role in decision making. We expect our engagement to be meaningful. That was the commitment given by the Prime Minister and one I am sure this parliament expects to see delivered in full.

Assuming it is, we will enter and take part in these discussions in good faith.

The approach we will take will be exactly as I set out on the morning after the referendum. We will pursue all options to protect Scotland's interests.

Firstly, we will seek to use whatever influence we have to shape the best - or more accurately, the least bad - outcome, not just for Scotland, but for the whole UK.

In my view, that does mean the UK continuing as a member of the single market.

I accept that the Prime Minister has a mandate in England and Wales to leave the EU but I do not accept she has a mandate to take any part of the UK out of the single market. Indeed, during the referendum, many Leave campaigners said explicitly that leaving the EU did not mean leaving the single market.

I hope all parties in this chamber will back us as we make that case and I also hope we can make common cause with others of like mind across the UK.

Secondly, and regardless of the direction the UK government decides to take, we will seek to find ways to protect, as best we can, Scotland's place in Europe and our vital national interests and embed them in the UK's negotiating strategy.

Our Standing Council of Experts met for the second time last week and is already working on a spectrum of options to protect what matters most to Scotland and to consider the additional powers our parliament would need to make them work - for example, how can we protect the benefits to our businesses of the single market and free movement, how can we protect workers' rights, the place of our universities in Horizon 2020, the continued ability of our students to participate in Erasmus, and the enhanced security that comes from Europol and the European Arrest Warrant.

As they are developed, we will assess these options against the five key interests I set out in the summer.

We will update Parliament further on the progress of this work in the coming weeks. I will also appear before the Europe Committee next week.

We also intend to propose a series of parliamentary debates over the next few weeks on the implications of Brexit in key areas such as the economy, rural affairs, education and the environment.

These debates will give all members the opportunity to have their say on the issues the Scottish Government should be prioritising as our discussions with the U.K. government develop.

I also issue an open invitation to all party leaders today to submit to us their views on options they think we should be proposing as part of this process. Mike Russell and his officials will be happy to meet with them to discuss any suggestions they wish to make.

We are determined to do everything and examine every option to protect Scotland's interests.

And as I have said before that must include the option to consider independence if it becomes clear that our interests cannot be protected within the UK.

To give up the right to even consider that option would be to accept that we are at the mercy of Westminster decisions no matter how damaging or destructive they are to our economy, our society and our place in the world.

That is not a position anyone with Scotland's best interests at heart should ever be prepared to accept.

Our focus in the months ahead will be very much on seeking to positively influence the UK's negotiating position ahead of Article 50 being triggered.

As we do so, however, we will also continue our work to ensure an awareness and understanding of Scotland's position across EU institutions and member states.

Since the referendum, I have had direct discussions with the Presidents of the EU Commission and the European Parliament, the Taoiseach, the Prime Minister of Malta - who is likely to hold the EU Presidency when Article 50 is triggered - and the German Minister for Europe. I also attended the extraordinary summit of the British Irish Council at the end of July. Fiona Hyslop has also met with the ambassadors of a number of EU member states. These discussions will continue in the weeks and months ahead.

The circumstances we now face are not of our making and certainly not the choosing of most of us in the Chamber. The responsibility for uncertainty lies not with those of us seeking solutions, but with those who have so recklessly taken us to the brink of EU exit against our will.

However, it is now for all of us to seek to shape the response.

The Scottish Government will lead that process - but, in doing so, we welcome the support, the contribution and, indeed, the challenge, of Parliament.

And as we continue to consider the best way forward, my assurance is this: our guiding principle will continue to be - at all times - the best interests of the people of Scotland.

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