

A Class Act on a Small Stage

A Introduction

- 1 I am grateful to the Scottish Churches Industrial Mission for this opportunity to present the Cameron Wallace Memorial Lecture. May I confess to some trepidation at the magnitude of the task which faces me. Previous Wallace lecturers have included some very distinguished thinkers. Although I never met the Reverend Cameron Wallace, he must have been a persuasive and persistent character...just like Erik Cramb.
- 2 The SCDI and the Scottish Churches Industrial Mission have a shared heritage - a sort of merit by association. We certainly appreciate the input of Erik Cramb and his predecessors into our work to develop closer links between Scotland and other countries.
- 3 I'm rather more familiar with writing speeches for others and, moreover, doing so in Council-speak. To be given a blank canvas, and to be asked for my personal views is much more difficult. Although, I shall attempt to be visionary, at the outset I confess my impatience with generalities and so-called blue sky thinking. I am much more comfortable at ground level dealing with the pragmatic.
- 4 I have served a very un-modern apprenticeship at SCDI. It was 16 years before I took the reins, in 1996, from my predecessor, Hamish Morrison, who gave this lecture in 1993. In Hamish's typical laid back style his philosophy was that staff could take any title they wanted so long as they didn't ask for an increase in salary. So, during my apprenticeship I was Director of Trade Development, Operations Manager, Company Secretary and General Manager to name but a few.
- 5 I am a generalist rather than a specialist. Although, put another way, perhaps I specialise in too many things! My strength, if I have one, and SCDI's strength, is that we usually deliver. Like most organisations, SCDI needs a clear and robust strategy, but once this is in place I feel we should just get on with connecting it with delivery. In my view this connection, or often disconnection, between strategy and delivery is one of society's main challenges. It seems to me that we are awash with analysis, investigation, aims and objectives, strategy development, audit trails and evaluation. And usually, by the latter, the initiators have long since moved on; so we start all over again.

- 6 This is particularly true of the promotion of Scotland and that is the subject which I would like to talk about tonight. It is, I believe, entirely appropriate to the Church of Scotland which under the Board of World Mission delivers worldwide programmes to alleviate poverty and spread Christianity. The National Mission has introduced a career gap workers scheme and the Church also works closely with World Exchange to send volunteers overseas to work in church based community projects in developing countries. You are the heirs of the Scottish missionaries, educationalists and entrepreneurs who took Scottish values to countries on every continent and some would claim founded the modern world. I believe that it is being outward-looking, having confidence and concern for others that we as a country must continue to embody if we are to succeed economically and socially.
- 7 Now some of you may know that the Scottish Parliament's European and External Relations Committee has been and continues to inquire into the "Promotion of Scotland Worldwide" and it has been my happy task to read the voluminous submissions and transcripts. This is the Committee's centrepiece inquiry for 2004 and for me it has been a fascinating read and a real education. The link between government and international affairs has perhaps never been more scrutinised – within Scotland and across the globe. So, it is on this theme that I have chosen to talk tonight – how government can lead and support the work of others in enhancing Scotland's political, economic and cultural place in the world. Thus, I thought I might use one of the many catchphrases used to promote Scotland internationally as my title.
- 8 VisitScotland uses "Taste it, hear it, see it, touch it". And it also uses "A small country with a big voice". As you can imagine the Scottish Executive also has several strap lines including "This is the time, this is the place" and "One Scotland – many cultures". My favourite was from the submission by Professor Christopher Harvie when describing the benefits of his membership of Friends of Scotland. So far, this has brought him "A book of stamps and a mouse mat". However, I have borrowed the title from Alf Young in Neil Hood's book Scotland in a Global Economy which is:

"A class act on a small stage".

B The European and External Relations Committee

- 9 The European and External Relations Committee has been gathering evidence from all over the world and interviewing experts and visitors from different sectors and countries. It is not only an inquiry into how Scotland promotes tourism, trade and investment – it is much wider – it incorporates arts and culture, sports, the education sector, international aid and academia. And the Committee has also heard from representatives of the Czech Parliament and from the Government of Flanders. For the purpose of this lecture, I have narrowed my focus to tourism, trade, investment and international aid.

- 10 Much of the evidence is complex and highly detailed – for instance the Foreign and Commonwealth Office (FCO) has collated comment from 75 overseas posts in 50 different countries. As you can imagine many of the submissions are contradictory. However, it does illustrate the enormous effort which is invested in this area of activity and it highlights many real successes. In broad terms, the Committee’s remit is to work out whether this effort would benefit from a tighter strategic overview which would encourage greater coordination and cooperation between the many players. Is there scope for joined up government?

C Strategies Galore

- 11 We already have a myriad of strategic documents. We have a European Strategy, an External Relations Strategy, a Global Connections Strategy, a Smart Successful Scotland Strategy which is being refreshed (S3) and the umbrella document Framework for Economic Development (FEDS2) which, interestingly, has a very short two paragraphs at the end under the heading “Implementation”. We also have a Framework for Higher Education and a Tourism Framework for Action, not to mention the Fresh Talent Initiative.

Believe it or not, since I started to draft this talk, the Scottish Executive has published its latest tome; the International Strategy! So we cannot be blamed for not taking the strategic route. The real question is whether these documents and all the others connect with each other and with delivery.

D Scale of Inputs

- 12 Promoting Scotland overseas is a serious business. It is also big business. Certainly, a great deal of taxpayers’ money is thrown at it. I will avoid statistics as much as possible but to give you a feel for scale and dimension, I will need to use them sparingly.

In broad terms, and give or take a few millions here and there, the overseas promotional arm of Scottish Enterprise, Scottish Development International (SDI) has a budget of £18m, employs 175 staff, 40 of whom are located in SDI’s 22 offices worldwide. VisitScotland employs 185 staff and has a budget of £40m and is wedded to VisitBritain which has 27 offices in 31 countries. The Scottish Executive has an External Relations Unit, a Promotion of Scotland Division and a European section employing 46 staff. British Council Scotland has 50 people based in Edinburgh and is part of the huge British Council which employs 7300 people in 110 countries, with a budget of £430m. Oh, and I almost forgot the FCO, it employs some 16,000 staff in 233 overseas posts with a budget of £1.7bn.

Suffice to say that I've given you these few inputs and broad budgets to illustrate that we are talking here about big bucks. Like me, you may ask, what on earth do all these people do? Most importantly, can they do it more efficiently, more effectively : in short, any better?

Not surprisingly, outputs are rather more difficult to measure.

- 13 So, we can perhaps forgive the cynical observer for thinking that promoting Scotland is only about the designer kilt or skirt which Jack wore in New York for Tartan Day, or the £300k which we are told was spent to re-discover the Saltire, or the re-christening of 14 area tourist boards into hubs.

E A Few Questions

- 14 Returning to the Committee's investigation you would expect SCDI to have put in its tuppence worth. We posed the following questions as being relevant:
"Are we making the most of our limited resources and obtaining value for money?"
"Are project and initiative objectives clear and outcomes openly evaluated?"
"Are projects and links openly evaluated in monetary cost and economic value terms?"
"Do all stakeholders (not only governmental bodies) know where they fit into the process?"
Being kind, the answer is we don't know. Being realistic, the answer is no.
- 15 Perhaps there are other relevant and fundamental questions to be asked:
"If we are targeting so many different markets and sectors do we need an overarching strategy – do we need to sing from the same hymn sheet?"
"How important is the perception of national image and do we need a national icon?"
"Does our newly won devolved parliament enhance or detract from our national image?"
and
"Do generic campaigns make an iota of difference?"

By the end of this talk I hope to leave you with a few strong impressions.

- 16 People have polarised reactions to many of these questions. Turning first to whether we need an overarching strategy, the Sunday Herald recently quoted Jack McConnell as saying "our eventual aim is for all public agencies, Scots abroad, our top companies and Scotland's devolved government to speak to the world with one voice". This is repeated in the foreword of the new International Strategy paper, with the addendum: "All with their particular message to their particular audience, but each contributing to the big picture". In contrast, Glasgow City Council's submission called for "autonomy in overseas trade promotion and inward investment" – just like the leave us alone stance which the New Towns of East Kilbride, Glenrothes etc called for in yesteryear.

- 17 Without doubt, the Glasgow model is winning so far. Scots seem to lapse naturally into the fragmented approach – the Chairman Mao philosophy of letting a thousand flowers bloom. Certainly, in preference to tight and unforgiving centralised planning – where the matrix has been devised and everyone knows their place and role.

Is there, dare I ask, a Third Way which can be designed for Scotland? This would involve collaboration and partnership working. Or is that in itself much too difficult as it may involve sovereignty seepage?

F Imagery, Symbols and Perceptions

- 18 The more centralised approach tends to emphasise the importance of imagery, symbols and perceptions. New Zealand has its silver fern, Ireland has its harp (and its Guinness) and Scotland... well, we have our thistle, our Saltire, our golden eagle, our whisky, our tartan, our...many icons. We seem besotted with imagery and we throw millions of pounds at it.

The most recent exercise undertaken to research our brand identity for the Scottish Executive by Barkers and Union, tells us that the old and the new equals modern Scotland: we should not deny our traditions but show them with a twist and in tandem with a modern, commercial Scotland where people are engaging and positive. Not exactly rocket science!

- 19 Earlier, I mentioned Professor Christopher Harvie's evidence and I would like to quote from that:

"Branding time is here again! - says Jack. Fun for the guys 'n' gals in ponytails and for those of us blitzing them in the letter columns. We'll talk slogans for months, instead of analysing markets...

PR is to the "Scotland abroad" scene what Hitler is to the History Channel; a long-term resident, and more of a problem than a cure. Indeed, finding one's way through the thicket of smiley stories to some sort of fact is difficult"

I'm on the same wavelength as Christopher Harvie.

- 20 I also liked the evidence of Pavel Svoboda who is the Convener of the Committee for European Integration at the Parliament of the Czech Republic. "We also cherish some Scottish symbols. I am not speaking only of Sean Connery...but he is very much respected in the Czech Republic. Prophets are without honour in their own country and perhaps the same is true for Scotland. As a great sports fan, I know that David Coulthard is another good example of someone who acts as a sort of ambassador through whom the Czech Republic perceives Scotland...those people achieve better results in promoting our countries than twenty politicians put together. As a result I am very much in favour of using such symbols and - if you like - exploiting such people."

21 Last April, at the Business in Parliament event, I chaired the breakout session which addressed the promotion of Scotland internationally. Susan Rice of Lloyds TSB was one of the panel members and I recall her comparison of Scotland with Nebraska. Her point was that whatever Scotland's image we should be grateful that we have one because few in the room that day had any perception of Nebraska!

22 Turning to messages, we have so many to impart, and to so many different targets. The Scottish Executive uses six key phrases when dealing with things international:

Pride and Passion (Confidence and Self Belief)

Cultured (Traditional, Modern, Intellectual)

Must visit (scenery, welcoming)

Skilled and educated (distinctive education system)

Innovation (Creativity, Entrepreneurial)

Inclusion (Opportunity for all)

VisitScotland has the core values of pride, proficiency, innovation and integrity.

Its positioning is three-fold:

Enduring (Culture, tradition)

Dramatic (Scenery)

Human (Friendly people)

And SDI's specific contribution is to position Scotland as an innovative and inventive place to do business in and with, which offers a modern and confident global outlook, world class ideas and a highly skilled workforce.

So there you have it, the buzz word common to all three is innovation, followed by liberal use of pride, skilled, modern and confident. Not a shortbread nor a tartan bagpipe in sight!

23 To illustrate my point, let's complicate it just a little. We have around 23,000 international students studying in Scotland each year. In his evidence to the Committee, Michael Bird of the British Council Scotland said "It is clear that people around the world have positive perceptions of Scotland; however, when we drill down into that, we find in many cases those perceptions are not up to date. That said, almost none of those perceptions is negative". And Lucy Butters, also of the British Council, Scotland, referring to a small sample of interviews with international post graduates said, "roughly two-thirds of students stated that they chose the UK, not Scotland. In other words, they chose the UK brand name and then the institution where they could take their preferred course". So studying in Scotland was secondary to studying in the UK.

24 As I hinted earlier, we can be too scientific, too sophisticated, too elaborate with imagery and perception building. The way we see ourselves and the way others see us naturally changes over time and attempts to find the one true magic formula are ill-fated by factors beyond our control.

- 25 The Scotsman newspaper recently ran an article which questioned whether “the great Holyrood Parliament bungle has prejudiced Scotland and Scottish as words to trust”. It stated that “Scotland’s financial services industry has thrived on the country’s reputation for prudence, integrity and financial trustworthiness. The suggestion that this image of prudence no longer holds and that the Scottish Parliament scandal may have contributed to making the word Scottish a liability in business has potentially explosive implications if other businesses decide to follow suit”. The Scotsman poses the question that “if the First Minister isn’t much struck by the traditional images and associations that go with the words Scotland and Scottish, why should our businesses and financial companies be any more loyal?”
- 26 My own view is that this is a case of horses for courses and both of these will change with the times. I recall clearly Standard Life explaining to me that it wanted to be known as an Edinburgh based company rather than a Scotland based company. That was during the years before the Scottish Parliament and the company’s nervousness was tangible. I also recall being told in no uncertain terms by Scottish & Newcastle that it wanted to be known as a European company, not a UK company and certainly not a Scottish company. That was during the distant era of Scottish & Newcastle’s expansion into leisure parks across Europe. So, businesses will mix and match and pick and choose images to suit their target markets and nothing will change that.
- 27 The overspend and delay of the Scottish Parliament building will cause not a ripple on the international scene and let’s hope that we can put it behind us as a parochial issue – after all, that was Tony Blair’s description!

I much prefer the words from Edwin Morgan’s brilliant hymn to mark the opening of the Parliament building:

Open the doors! Light of the day shine in;
light of the mind shine out!
We give you this great building,
don’t let your work and hope be other than great
when you enter and begin.
So now begin, open the doors and begin.

What a beautifully evocative way of saying that our new Scottish democracy must now aspire to be outward-looking and, I think, internationalist. So how are we doing at present?

G International Agreements and Representation

- 28 I wonder how many of you in the audience know of the Scottish Executive's government to government cooperation agreements? I can tell you that we have four of these: Catalonia, Tuscany, North Rhine – Westphalia and Bavaria. Yes, it was news to me too. These have as one of their main criteria, to assess potential for long term economic benefits leading to opportunities for investment and trade. And, we are told that the Executive is considering the value of further links with one or more new EU member states. I have to ask who in the business and civic communities have been approached for their views? If "Team Scotland" is to benefit from any wider positive impact of these links outside the government machinery then surely future links should come about through clear economic rationale and wider stakeholder consultation.
- 29 Until I mentioned it earlier, how many of you knew that SDI has representation in some 22 locations across Europe, North America, Asia Pacific and the Middle East, employing 40 people outwith the UK? The activity, output and even presence of this worldwide network remains relatively unknown to businesses in Scotland because that's the way SDI wants it. It has been explained to me as controlled exposure. In my view this network should be much more visible as a Scottish resource and the representatives should be multi-tasked, pursuing opportunities for trade, investment, tourism and the attraction of conferences and events to Scotland.
- 30 In VisitScotland's evidence it stated that it does not have any frontline staff in overseas offices; rather it takes advantage of the VisitBritain's network of offices. It goes on to state "although this arrangement has, in the main, been satisfactory, VisitScotland recognises the potential benefits of having dedicated staff located overseas. For some of our more established markets VisitScotland would prefer to drive its marketing efforts from the front, with its own overseas representation. This is particularly the case in near-Europe where there is no need to sell Britain as a concept as the Germans, Dutch, Scandinavians, French and Spanish are already familiar with where and what Britain is. In these markets, it is more a case of Scotland competing with England, Wales and Ireland, as we do in the UK market. North America is another key market where we see enormous benefits of having consumer and trade teams in the market. VisitScotland is keen to explore opportunities for overseas representation in key, target markets. However, further investment will be required in order to enable us to fulfil this aim".

- 31 Now, VisitScotland has been allocated an additional £7 million in the Scottish Budget, but it seems blindingly obvious to me that SDI and VisitScotland should get together and share, as appropriate, SDI's international network and it should be developed as a joint asset. Believe it or not, SDI has only recently consolidated the joint remit of trade and investment in its international network – despite SCDI urging this many years ago. In evidence to Henry McLeish, then Minister for Devolution at the Scottish Office in 1998 we wrote “there would be synergies to be won and efficiencies to be gained in moving these international operations (Lis and STI) closer together as appropriate market conditions dictate. With the worldwide network of offices and representation there must be advantages for closer integration which could include market intelligence gathering, operational co-operation and co-habitation.”
- 32 But tourism – our biggest industry – is still on the sidelines. Surely, we shouldn't need to wait another six years before the tourism remit, especially the business tourism remit of attracting conferences to Scotland, is grafted onto these representative offices. The enquirer in New York or Paris or Munich or Tokyo couldn't care less about our domestic reporting lines or budget holders. With all due respect to Jack Perry and Philip Riddle, if we continue to wear departmental blinkers then opportunities will continue to pass us by.
- 33 I realise that I should give praise where praise is due. The one place we have got our act together is in Brussels where Scotland Europa resides and operates Scotland House. This is a well resourced operation which brings together public and private partners. We could extend this co-location, multi-partner model which brings with it focus, synergy and raised awareness of Scotland to other cities. Recognising the need for such offices to be distinct from embassies, they could be termed Scotland International Offices and the scale of each would be adjusted in line with priorities and the specific market. There should be a presumption that Scottish public money would not support more than one centre in any country – other than perhaps the USA and China – and Scottish organisations with existing offices would be expected to co-locate and work from these offices to achieve economies of scale. This would also allow organisations to place staff in countries which they cannot currently reach with modest resources.
- 34 If I can quote my friend Mr Svoboda from the Czech Republic again: “a Scotland House or Scotland Centre might be well placed in the Czech Republic. Business people and others would be able to knock on the door and get cultural, trade and other information. That would be good because, with all due respect to the UK Ambassador in Prague it is impossible for her to carry out all that by herself. Such an institution would be very welcome”.
- 35 To put this into context, Flanders Investment and Trade has 77 offices throughout the world. And they admit that “Flanders is a midget on the map of the world and the statistics clearly show that a country's closest neighbours are its most important foreign trade partners”.

H Transport Infrastructure

- 36 Small countries like Scotland and Flanders need good global connections and that is why I welcome the significant extra funding that is going into transport infrastructure. The plan to create direct train links to Edinburgh and Glasgow airports is essential if we are going to cope with ever growing passenger numbers. The £11m invested a few years ago in the Rosyth to Zeebrugge ferry link and operated by Super Fast Ferries is more than just a sealink with the continent; it is a sign of national virility.

I Air Route Development Fund

- 37 The initial investment of £6.8m in the Air Route Development Fund has proved to be a soar away success. Nine new routes have benefited from this so far with several more imminent. Although the doubling of this funding, in the spending review, is tiny in context of the overall Scottish Executive budget, it is nevertheless to be welcomed. Direct air routes are economic multipliers and the return on investment is huge. Of course, my Chairman, Donal Dowds of BAA Scotland, claims much of the credit here too as BAA has set aside £95m to subsidise and encourage new routes from Scotland.
- 38 Welcome as the Route Development Funding is, perhaps now is the time to review its effectiveness and to make it even better. I've written to Nicol Stephen, the Transport Minister, suggesting that rather than give grant aid in three equal, annual tranches, it would help airlines if this incentive was front loaded. That would match the heavy expenditure incurred at the introduction of a new route. Two other refinements could be introduced: airlines which commit to operating for three years, albeit only seasonal – say six months during the summer – should also receive assistance. And our rules should be amended to help airlines like Zoom, which flies daily from Glasgow to Canada but to a different destination each day. Because of that, the Scottish Executive has refused to help. Clearly, this is a financial sustainability judgement by Zoom which should be endorsed by the Scottish Executive, not rejected. At times our civil service spends too many hours worrying about State Aid obstacles and not enough time devising innovative proposals to get around Brussels red tape.
- 39 In recent months I have used Emirates to Dubai, Ryanair to Oslo and CSA to Prague. All flights were packed with what appeared to be both business people and leisure travellers, of all nationalities. Frankly, the initiatives we have taken in recent years to increase direct aviation links are paying dividends, not just in economic terms, but in boosting national self confidence too.

J Involving Stakeholders

- 40 But to fully capitalise on the greater opportunities we now have, government needs to be inclusive and transparent, bringing on side all those who share the aim of increasing trade. What a pity therefore that its current approach excludes other stakeholders. In this new era of inclusion and transparency I commend VisitScotland for its move to engage stakeholders such as the local authorities and tourism businesses in its decision making processes. In particular, there is to be a Chairman's Committee of the Board which will go some way towards implementing the current reorganisation programme of the area tourist boards. I suggest that Scottish Development International could take a leaf out of Peter Lederer's book.

Scottish Enterprise's Board has to deal with a wide range of subjects and the legal and fiscal issues with which it is tasked. There is a small coterie of officials from the Scottish Executive, Scottish Enterprise, Scottish Development International and Highlands & Islands Enterprise which oversees the promotion of exports and the attraction of investment. This excludes other stakeholders; no doubt we will be told for commercial confidentiality reasons. But, there is definitely scope here for the "Heineken approach".

- 41 In the 1990s, a Scottish Exports Forum was chaired by the then Scottish Office Ministers for Business and Industry and to which the then Scottish Trade International reported. The Forum included representatives from a wide variety of companies and organisations. If it had minimal impact then that was because it was kept on a very tight leash. However, it did fulfil the important role of stakeholder communications and participation. Alas, although the Forum was never formally closed down, it was allowed to drift off into the ether.

There is a relatively new body called The Scottish International Forum, which consists mainly of the public organisations involved in the international arena and has as its primary role the encouragement of these organisations to exchange programmes and avoid duplication. I still think there is scope for SDI to follow VisitScotland's example and to involve exporters and stakeholders in its programmes and policies. It is time to demonstrate partnership working.

K Partnership Working

- 42 Of course, growing the Scottish economy is one of the four mantras of the Scottish Executive.
In a global context this is cascaded "to position Scotland internationally as a leading small nation, attractive to potential overseas partners and visitors and with a thriving and dynamic economy".

Fine words. But does the rhetoric connect with reality and if so, how?

43 I was never an enthusiastic supporter of Scotland the Brand because as you will have gathered, I have only modest commitment to generic branding promotions on a national scale. I recall the early meetings, in Hopetoun House, South Queensferry, which hatched Scotland the Brand under the encouragement and chairmanship of Norman MacFarlane. But I was prepared to give it a fair wind. It has fallen, primarily because national promotions require national funding and, additionally, due to the Scottish Executive's ambiguity, uncertainty and changing priorities.

44 You may have read about the First Minister's recent visit to China which I am pleased the Scottish Executive and SDI have recently discovered. I would point out that SCDI took the very first trade mission from the West into China in 1970 when it reopened for business and since then we have been regular visitors and are deemed "old friends". I emphasise from the West, not only from Scotland, not only from the UK, but from Western Europe. SDI now has offices and people in Beijing and Shanghai, and Jack announced that SDI will double its representation from four staff to eight, and he will put his own Scottish Executive person there too. Good news and something which I wholeheartedly endorse. But to celebrate this focus on China, would you believe that SDI has withdrawn its annual, modest grant to the China Britain Business Council (CBBC) here in Glasgow? The CBBC was always my first port of call for questions Sino and we have worked in genuine partnership over several decades. Now I don't want to make waves for the CBBC and its on-going relationship with SDI but this does seem a strange way to go about things. So much for partnership working.

45 Of course, you may assume that SCDI and SDI would have a close and complementary working relationship. This has been somewhat dented by SDI's withdrawal of support to SCDI's annual export survey which measures Scotland's export performance, which we have been doing since 1960. After 40 plus years of delivering this efficiently and successfully - the last ten or so in partnership with the enterprise network - SDI and the Scottish Executive have decided to take this in house. I'm astonished that the press and economic commentators haven't noticed the paucity of export statistics made publicly available by the Scottish Executive.

Ostensibly, this was absorbed into the government machinery as an economic measure. My suspicion is that it may have something to do with control. So much for partnership working.

Later this month SCDI will present its fifteenth Gala Dinner and Awards for Exporting and Enterprise. As we have come to expect, it sold out within one week from launch and over 700 members and their guests will attend. SDI and its predecessor organisations have been partners since year one. Alas, no longer. SDI will organise its own events in future. So much for avoiding duplication, so much for partnership working.

But at least you would assume that SCDI's trade mission programme is being encouraged and boosted. After all, we have delivered some 325 trade missions to well over 50 countries and have been doing so since 1960. But I am sorry to say that this is also under threat. The Mandarins of UK Trade and Investment – (the DTI) informed us earlier this year, via an unsigned, circular letter, without consultation, that funding for the outward mission scheme is to end next March.

To give you an impression of what this will mean for our members: for the one year period between June 2003 and May 2004, SCDI organised nine outward missions to 11 destinations. Export business achieved or anticipated was £32 million – statistics provided by company participants. The grants paid by UKTI to the 129 small company participants to leverage this £32 million was £73k. Of the 129 company participants 101 stated that a visit would not have been made without the trade missions.

Because our members know the value of the missions and because we have kicked up such a fuss, the trade programme may win a stay of execution for one year. But unless the Executive steps in to support a Scottish scheme, then the long-term prospects do not appear good.

- 46 So, you will gather that I believe the Scottish Government's interpretation of partnership working leaves a lot to be desired in some key respects. It seems to me that government wants to run a closed shop and the last thing on its mind is to utilise and enhance the specialist services of the not for profit, membership organisations outwith the realm of government machinery. There is no doubt in my mind that SCDI's long-standing involvement in the promotion of international trade is being marginalised and undermined. Our members need to understand this because it is they who will lose out.

L European Enlargement

- 47 Anyone who knows SCDI will realise that we do not make a habit of being critical for the sake of being critical or for gaining a few cheap headlines. We are a unique organisation that brings together the public and private sectors and fundamentally believes in being constructive. That gives us a special insight into public policy and enables us to identify areas in which government needs to show real leadership.

I am thinking here in particular of the enlargement of the European Union. This is both an enormous challenge and an opportunity. The first phase saw ten accession countries join earlier this year and we are now turning our attention towards Bulgaria, Croatia, Romania and Turkey as the next gang of four prepare. What has Scotland made of this?

In broad terms, our politicians have talked a good game and been receptive, perhaps for no other reason than fourteen parliaments have been regular visitors to chap on Scotland's door and to engage with our parliamentarians.

Those in Higher and Further Education are positive because a new, hungry marketplace beckons.

The tourism business has been a bit slow off the mark despite the excellent new service of CSA using Prague as a hub. Perhaps the spending power of Central Europeans is misunderstood and is synonymous with the bygone Soviet era; although I'm encouraged that the spending power of Russia's new entrepreneurs has not gone unnoticed.

Now we come to trade: apart from Poland, most of our new found European friends are countries with small populations. Because of this and because of SDI's fixation with its sectoral approach, these countries do not appear on SDI's radar screen – yet.

And, of course we have no chance of attracting investment – quite the opposite as our immediate task is to persuade companies located in Scotland to continue investing here rather than upping sticks and moving to Hungary, the Czech Republic or one of the other new members of the EU. So, we have a defensive mindset.

- 48 But here, with European enlargement, is an opportunity for partnership working. Scotland has been a major beneficiary of economic and social regeneration using the European Structural Funds and the Strathclyde European Partnership (SEP) has been pivotal to our success for 19 years. With the admission of ten new members and four in the wings, our access to structural funding is in transition and is declining. Rather than winding down SEP and losing its valuable expertise, we should be investing in this to bring together technical assistance bids for Scotland's private and public sectors, to help the new gang of ten claim and spend its allocation of structural funding. I urge the Scottish Executive to back SEP's proposed model and to do so speedily. Our competitors in the German Länder are already there, as are several others.
- 49 SCDI's interest in enlargement goes back several years and we have been organising trade missions to the Baltic countries and Central Europe as much as our tiny resources would allow. We have also been on the receiving end of many inward delegations, the members of which have been eager to make alliances and relationships particularly with our small and medium sized companies. Within the last few weeks alone, SCDI has taken a trade mission to Prague, met the Estonian Prime Minister and the Czech President here in Glasgow, helped organise a seminar with the Czech Embassy and this weekend we depart for Latvia and Lithuania with another trade mission, this one led by our President, David Paton.

50 Despite all this, I can't help feeling that Scotland is missing the boat. The Irish have already put in place direct flights from Dublin to four of the ten new EU members. And in his evidence to the Committee's enquiry, Nic Vandermarliere from Flanders, confirmed that his government had signed treaties with all ten accession countries. I know that the Estonian Prime Minister's senior officials were disappointed that during their recent visit no progress was made to formalise an alliance between Estonia and Scotland. Even our neighbours in Wales have signed a memorandum of understanding with the Latvian government, when in May Rhodri Morgan, Welsh First Minister, and the Minister for the Economy of Latvia signed an alliance which has triggered a series of exchanges and follow throughs.

So devolved Scotland is currently dithering in its relations with Europe. Government needs to get its act together and demonstrate a real lead.

M International Aid

51 How are we doing in our interactions with the rest of the world, especially poorer countries? At the outset, I mentioned that the remit of the Committee's inquiry embraced international development as well as tourism, trade and investment. And, I mentioned the work of the Church of Scotland which delivers worldwide programmes to alleviate poverty and help community projects in developing countries. The Committee has taken evidence from the Network of International Development Organisations in Scotland (NIDOS) whose members include the Scottish Catholic International Aid Fund (SCIAF) and Mercy Corps Scotland (MCS) of which I am a Director. MCS is a sizeable operation with expenditure programmes in excess of £8m per annum. It delivers emergency relief, rehabilitation and long-term development programmes in countries suffering the effects of war, natural disaster or social and economic collapse.

52 Now you may ask why the Scottish Parliament should spend time on these issues? Or why, indeed, an organisation such as the SCDI which exists to promote economic development in Scotland should be concerned about international development? Well, although international development is a reserved matter and not a devolved power, Hilary Benn, UK Secretary of State for International Development, in a recent speech to a cross party group in the Scottish Parliament, encouraged the Scottish Executive to do more not less. After all, the Sudanese people in the camps of Darfur don't have much interest in reserved matters or devolved powers.

- 53 And, in July, I was privileged to hear Mary Robinson give the Trades House Lecture at Glasgow Caledonian University. She chose as the title for her lecture “Human Rights: the Challenge to Business”, during which she asked Scottish business to put on its innovative thinking cap and bring home the message that human rights is everyone’s business. She pointed out that the top 200 companies represent a quarter of the world’s GDP and that business has a vital and responsible role in addressing human rights. In her lecture she quoted Kofi Annan “Whether it is the area of crime, health, the environment or the fight against terrorism, interdependence has ceased to be an abstract concept. It has become a reality in our own lives. This poses a real challenge, not only to political leaders, but to civil society, non governmental organisations, businesses, labour unions, thinkers and citizens of every nation. We need to rethink what belonging means, and what community means, in order to be able to embrace the fate of distant peoples, and realise that globalisation’s glass house must be open to all, if it is to remain secure”.
- 54 This view appears to be reflected in some way in government policy. In the Labour/Liberal Democratic coalition Partnership Agreement it states “we will encourage the work of Scotland’s NGOs which are active in international education programmes, disaster relief and encouraging international development”. Fine sentiments, but for a long time very little action was taken to fulfil this pledge apart from the secondment of five civil servants to work with the sector. For example, when MCS was offered a significant donation of hospital beds and equipment, as a result of the closure of the old Edinburgh Royal Infirmary, it found a strong need for this equipment in Liberia. Despite requests for assistance with transportation costs to the very top echelon of the Scottish Executive, these requests went unanswered and it remained impotent. However, despite MCS being unable to source any public sector support, the 400 plus beds were shipped to the Liberian capital, Monrovia, where they are now being put to essential use.
- 55 At last, however, we are beginning to see action and the Executive has heeded Hilary Benn’s encouragement, and is to set up a fund for Scotland’s international aid NGOs of £3m per annum and departmental responsibility has been given to Patricia Ferguson.
- 56 Wouldn’t it be appropriate if in the longer term this fund was to equate to 0.7% of Scotland’s GNP demonstrating Scotland’s commitment to meeting the UN Millennium Development goals? This would be a fantastic legacy of the G8 summit in Gleneagles next year and it would put Scotland at the centre of the world’s stage – for all the right reasons.
- 57 I know this £3 million fund is small beer in the context of debt relief for poor countries but the Scottish Executive’s first modest steps in all of this are warmly welcomed. They represent a specifically Scottish contribution to what, at times, seems like an admirable personal crusade by Gordon Brown to help these desperate countries develop or rebuild their economies and communities. We can move towards a higher target. And, in the meantime, SCDI will continue pressing the government for the economic policies that would make 0.7% of Scotland’s GNP a much more significant amount!

58 I believe that civic Scotland and Scottish business need and want to understand more about the opportunities and threats posed by global challenges. I am already working on SCDI's 34th International Forum, which will be held next March in St Andrews. I'm calling it "The World We're In" – the title taken from Will Hutton's bestseller, with his permission, and, I am pleased to say, with his participation. This subject stemmed from an examination of the BRIC Countries (Brazil, Russia, India and China) and the impact that they will have in the years ahead on Western, UK, and Scottish society and our economy. This has evolved to incorporate global security and international aid issues which will also continue to affect us in future years. I'm delighted that experts in this field such as Lord George Robertson (ex NATO) and Professor Paul Wilkinson of St Andrews University have also agreed to take part because Scotland needs to think about and begin addressing these global challenges.

59 Writing in The Herald, ex-editor Harry Reid said "Let us take an admittedly crude and simplistic swing around some key parts of the globe. The past is represented by Europe (including Britain). The present is the US. The future is represented by India and China. It has become a convention that India and in particular China are set to enjoy spectacular economic growth. But most of us, and I include myself here, are woefully ignorant of the social and cultural implications of this". He went on to say "I admit to being confused, not least because China is being kept off our collective radar. I do think we should be paying far more attention to this vast country, its present and its recent past, in an effort to face up sensibly, sensitively and decently to the inevitable coming problems".

In my view, this is the type of challenge we should be grappling with. Pumping taxpayers' money into the promotion of a thistle or a Saltire is an irrelevance. We need to broaden our horizons. In recent times there has been much navel-gazing about who we are and what happened to Scottish confidence. In this context, the fixation on national imagery is simply a mirage. The debate is really about where we plant our feet and where we set our sights.

60 Scotland is a class act on a small stage. However, we could be a classier act on a bigger stage. Therefore, the connection, or disconnection, between strategy and delivery is crucial. It is one thing to have the political will, quite another to have the foot soldiers who will deliver.

61 In Scotland we need to avoid fragmentation and encourage active cooperation in external relations. We need to build on our strengths when it comes to international trade, not cast them aside. We need to be much quicker and smarter in building our relationships with European regions and the emerging Eastern European economies. Above all, we can play a more positive and prominent role improving the world in which we all live.

Tonight, I have given you a few of my views on ways in which we can make an impact on the world's stage – albeit I have only scratched the surface of this vast subject.

I ask the European and External Relations Committee to be radical; and I urge the Scottish Executive to be far more inclusive. Now is the time to move on from merely talking about partnership working to putting it into practice.

AW/NH/General/Wallace Lecture