

Cross-Party Group on USA

8th June 2022 6-7.30pm

Minute

Present

MSPs

Dean Lockhart MSP, Convener CPG USA
Daniel Johnson MSP
Paul Sweeney MSP
Alexander Burnett MSP
Jenni Minto MSP
Liam Kerr MSP
Murdo Fraser MSP
Rachael Hamilton MSP

Invited guests

Michael Feldman, Political/Economic Officer, U.S. Consulate General Edinburgh
Scott Douglas, Communications, Department for International Trade
Hina Khan, Project Coordinator, Spire Global, Inc
Sadie McKinlay, Head of Development, Edinburgh International Festival
Martin Bell, Deputy Director of Trade, Scotch Whisky Association

Non-MSP Group Members

Alastair Ross
Alexia Haramis
Allan Hogarth
Anastasia Kourtis
Anna Stella
Carol Dew
Clare Reid
David Rennie
David Ross
Frank Cogliano
Gordon Robertson
Gregor Rankin
Harriet Mortimer
Heather Astbury
Jacqui Watt
James Withers

Jo Graham
Joanne Davidson
John Lummus
Kate Nowakowska
Katy Taylor
Keith Neilson
Kevin Havelock
Laurence Heron
Lesley-Anne Campbell
Liudmila Tomanek
Llinos Jones
Lynn McCloghry
Mateo Urquijo
Neville Wylie
Nora Rothrock
Olivia McLaren
Rebecca Groundwater
Richard Muir
Rosalind Wardley-Smith
Russell Dalgleish
Scott Johnstone
Scott McQuarrie
Stuart Hamilton
Thomas Fulton

Apologies

Sandesh Gulhane MSP
Mercedes Villalba MSP
Katy Clark MSP
Rob Lang
John Erskine
Donald Emslie
Alan Johnston
John Leighton

1. Meeting to commence

Dean Lockhart MSP (DL MSP) opens the meeting, presents the agenda and welcomes all attendees to the first meeting of 2022. He thanks the US consulate for joining us.

2. Update from the United States Consulate General Edinburgh

Michael Feldman (MF) starts by updating the Group that after many months we now have a new US ambassador in London, Ambassador Jane Hartley. She has met with the UK PM, Home Secretary and Foreign Secretary, and MF is optimistic that she'll be

able to visit Scotland this year, possibly for one of the Festivals or the Tattoo and they are keen for her to meet Scottish Government officials. As a further update, MF explains that there is also a new Deputy Chief, Matthew Palmer, at the embassy in London, and they're also looking to get him up to Scotland soon.

MF notes that there has been a significant uptick in the number of US visitors to Scotland recently, and they anticipate that there will be a very healthy US participation in the festivals, both as performers and as visitors. Furthermore, US-Scottish business links are still strong, for example he recently joined the Cabinet Secretary Angus Robertson MSP for the launch of a Motorola Innovation Hub in Edinburgh. A key update is that a Memorandum of Understanding (MOU) has now been signed between the UK and the state of Indiana (see [here](#) for more detail). The Consulate has also been working closely with the Scottish Government on the First Minister's recent visit to Washington D.C., where there were wide-ranging discussions with the Deputy Secretary of State, Wendy Sherman on topics including Ukraine, Covid, the climate crisis, etc.

MF also gives an update on the situation in the US, where President Biden is currently urging the US Congress to take action on gun control. Washington also remains very focused on the crisis in Ukraine and the ensuing global food crisis.

DL MSP adds that we have received an update from Edinburgh Airport, who have said that travel to the US is a real strength currently, which is very positive from a connectivity perspective, and the new and re-started routes are performing well. The airport had expressed concern around the impact of ongoing Covid testing and had asked when this requirement may be lifted for passengers travelling to the US?

MF responds that the current requirement comes from the Centre for Disease Control, not from the Government, and requires everyone travelling to the US - citizen or not - to take a test the day prior to flying. There is currently no indication that this will change anytime soon, and is one potential impediment to international travel. MF also highlights that another concern in this area is the months-long backlogs for visa applications. Whilst UK citizens travelling to the US for a short period of time don't generally need a visa, this will be an issue for those wanting to travel there for a long period of time, e.g. international exchange students.

DL MSP asks whether the number of US students coming to the UK has yet recovered.

MF notes that, anecdotally, most US students in Scotland at the moment are those doing their full undergrad here, as they are less likely to have been impacted by Covid, but you would need to reach out to the universities for up to date numbers.

3. The role of DIT and an update on support available

Scott Douglas (SD) from the UK Department of International Trade (DIT) gives an update on recent DIT activity: DIT recently welcomed Ambassador Tai to Aberdeen for a roundtable to inform government-to-government discussions on how to take forward the UK-US trading relationship. UK and US teams will now work at pace over the next several weeks to develop an ambitious roadmap with economically

meaningful outcomes. UK-US Free Trade Agreement (FTA) negotiations have been on pause, but over the past year, we have successfully resolved several bilateral trade barriers, including the Large Civil Aircraft dispute barriers to exporting British beef and lamb, etc., paving the way for more strategic conversations

SD reiterates that the first State-level MOU on trade and economic development has been signed with Indiana to help lift barriers at the state level for exporters and investors. He highlights that their aim is to conclude more MOUs and formal dialogues to further tackle market access issues and increased scope for cooperation in the coming months, with their network of Consulates across the US working to promote US-UK trade at a state level.

Closer to home, SD notes that the DIT Scotland team is planning US activity with Scottish businesses in the coming months, including a large contingent of Scottish Bio companies at the major BIO Conference in San Diego next week. Further US activity planning also includes the Space sector (small satellites in particular) and at the Atlantic Future Forum in New York in September.

SD runs through some upcoming events, which include a UK/US SME Dialogue in Boston in June, aimed at supporting and enhancing UK-US SME trade. Also the Atlantic Future Forum in September is being held on board the UK's Prince of Wales Aircraft Carrier in New York Harbour – this is a cross-sectoral event. Finally, there will be a further UK/US SME Dialogue in Edinburgh at the end of November. This is a reciprocal event to the one held in Boston with the opportunity for collaboration with Scottish stakeholders.

DL MSP notes that it would be useful to discuss offline how this CPG can get involved in the November UK/US SME dialogue.

Scott Johnson (SJ) from the Scottish Life Sciences Association adds that he recently visited Indiana, and felt that Indiana was fully open for business again. He highlights that the MOU with Indiana is a multi-sectoral agreement. He also comments that his organisation is pushing for a direct flight to be established between the UK and Indianapolis. There is a huge amount of life sciences activity in Indiana, with the US being the largest healthcare market in the world. He highlights that aerospace is also a big industry in Indiana, and that another advantage of Indiana is that it is essentially the 'cross-roads' of North America, which is good for countries wanting to distribute across the continent.

Daniel Johnson MSP (DJ MSP) comments that he recently visited Heriot Watt University and they were discussing issues around how to facilitate spin-offs and scaling up, and are looking to learn from the US on this. He asks if there are any specific policy interventions that they're using to encourage companies like life sciences to set up and grow there.

SJ answers that the update of innovative products is better there, with greater engagement from hospitals than we get from the NHS.

Allan Hogarth (AH) comments that he attended an SME roundtable at last month's UK-US dialogue in Aberdeen and they had discussed creating an online portal to flag

up advice for companies wanting to set up and export. He adds that, on the levelling up agenda both governments are doing their best to 'level up' their countries. AH updates that Steve Bridges is now the UK representative to Indiana, and that they are also looking at how North Carolina can act as a good base for Scottish businesses.

Keith Neilson (KN) from Craneware gives an update on their experience working with hospitals and UK-US trade: they're operating in about 40% of US hospitals currently and are hearing very positive feedback on trade, but many US hospitals are currently experiencing issues around labour shortages and inflationary pressures. He also highlights that they are involved in a charity programme that allows US hospitals to give people on low incomes access to treatments, but they're having issues with 'Big Pharma' picking and choosing who gets access to those discounted drugs. KN adds that it made such a difference having direct flights between Scotland and the US.

DL MSP notes that trade agreements tend to be quite top down, government-to-government, and then trickle down to state/regional levels, but it seems to be happening the other way round in the states at the moment, is this likely to continue?

MF answers that the MOU between Indiana and the UK is the first of its kind, and generally we can expect things to continue to be very high-level between governments. He adds that we can expect more MOUs but these will generally be the exception not the rule.

SJ understands that there's approximately 20 states currently wanting to agree MOUs. SJ adds that from their perspective, they're delighted with the Indiana MOU but would prefer a full trade deal, however sector-specific MOUs would also be welcome.

Stuart Hamilton (SH) from Scottish Chambers of Commerce (SCC) gives an update on UK-US trade missions – SCC have run 25 B2B trade missions over the past 3 years and ¼ of these have been with the US as Scotland's number one priority market. These are open to all Scottish business, with a focus on creating business and encouraging contracts. He notes that they very successfully moved online during the pandemic and are now gradually moving back to physical missions, with recent missions to Miami and New York. SH adds that they intend to return to primarily face-to-face missions, but with online elements, as this has proved very valuable for helping to build relationships and laying the groundwork.

SH highlights that the programme has been so successful that they are appointing a full time International Trade Director, whilst Ros Wardley-Smith has been promoted to International and Operations Executive. They are now entering the final year of the current programme, and will be beginning a new programme with new criteria – he hopes to have details by the next meeting.

4. Overview of the space sector and links with the US

Hina Khan (HK) gives an overview of Spire Global, who are a small satellite development company. She highlights that, whilst they were set up in the US, they were an inward investment into Scotland and now have 8 offices worldwide. Their main UK hub is a satellite manufacturing facility in Glasgow, and they currently have over

100 satellites in orbit, allowing them to obtain data very quickly and monitor things globally, e.g. tracking vessels, telecommunications, weather, etc. HK notes that Spire serves a broad range of industries, including maritime, aviation, weather, space services, earth intelligence etc. as well as serving US Federal Government initiatives. They work closely with a number of US and European launch entities, and are keeping a close eye on the UK's launch capabilities.

5. Update on the Edinburgh International Festival and the plans for this year's festival and links with the US

Sadie McKinlay (SM) starts by highlighting that this year is the 75th anniversary for the Edinburgh International Festival (EIF), as well as the final year for their current festival director. They will be running a full programme this year, returning to theatres and concert halls but also with a digital programme - this helps to give them a new global reach. In addition, SM highlights that they also have a year-round learning and engagement programme and are now back in schools and community groups. They also recently worked with the Scottish Refugee Council on a season of contemporary theatre, dance, art and film on the theme of refuge, and have invited the Ukrainian Freedom Orchestra to come and perform. SM notes that they are looking to be more sustainable, for example with a residencies initiative, where companies will come to Edinburgh and stay for longer than before, and will also tour other UK and European cities. This year they are offering over 30,000 free tickets to community groups, frontline workers, young people, etc.

SM also updates on their links specifically with the US, with around 160 artists coming to EIF from the US, or as part of US companies, including choreographers, the Philadelphia Orchestra, composers, etc., with 21 performances from US artists. Additionally, nearly 200 people from the US have already booked tickets, with the top cities including New York, Chicago, Washington, San Francisco, and Houston. They are also working with US-based companies on collaborations and have a grant from the US Government to carry out education work with US artists and US schools and colleges.

6. Update on the whisky sector and exports to the US

Martin Bell (MB) highlights that the US is the biggest market for Scotland's biggest export. MB is pleased to say that this month the tariff on US whisky coming to the UK was lifted, and they welcome now being able to compete on a level playing field.

MB gives an update on whisky exports, and notes that they are recovering in most markets, with the Asia Pacific region doing very well, the EU still being the most important region in the world, however the decline in exports to the US has hit the North American market totals. Before tariffs were introduced, the US market was worth over £21bn, but tariffs had a real impact and exports fell off a cliff. MB points out that we're now in a much better position, but still down compared to 2019. Consumption data for the US market in 2021 shows how important the US spirits market is, with spirits soon to surpass beer in importance. They are very grateful for support from UK and Scottish Governments in resolving trade difficulties, and MB finishes by noting

that the approach to negotiating bilateral trade deals could be very important for whisky.

7. Q&A

DL MSP starts with a question for HK: given the cluster of expertise in the space sector in Scotland, how scalable does she think the sector is here?

HK replies that the space sector in Scotland has had strong growth over the past decade and there's been a lot of very expansive growth recently. She highlights that one of the main reasons they shifted manufacturing to Scotland was to access the skills and talent here, as well as the Government business support and to be part of a growing industry. These aren't necessarily space specific skills, but transferable skills from telecoms, engineering, etc. HK notes that the Scottish space sector is very close knit, and there are lots of strengths that could be scaled until Scotland becomes leaders in the small satellite industry

DL MSP next asks SM if, given the number of US visitors to the festivals, does she have any asks in terms of connectivity to the US?

SM has no specific requests, as whilst their main US audience does come from New York, this is not exclusively. She explains that it also depends on the programme, with supporters following the performers, and this can help to build new audiences for the festivals.

DL MSP asks if there is enough joined-up thinking in encouraging US visitors to the festivals to visit other parts of the UK?

SM notes that work has been done around this previously, and generally people do tend to visit more than just the festivals, but that this is something that the different festivals should work on collectively.

DL MSP has a question for MB: is his sector seeing any supply chain issues? Could there also be issues of excess supply at some point in the future, given the number of new distilleries?

MB responds that the main issues they're experiencing are shared with other industries, for instance the cost of energy and also the cost of glass. Shipping costs, and especially the cost of containers, is another big issue. MB adds that casks are their biggest import from the US and there are no concerns there. He notes that it's an interesting question around excess supply, but last year was the biggest year for exports by volume, and actually the newer distilleries are generally working in growth areas (single malts etc.) as well as being smaller and therefore in a better position to adapt.

8. M. Feldman to provide final remarks

MF comments that Americans will be coming back to Scotland with a vengeance this year. He adds that COP26 saw a lot of US officials visiting Scotland, and this really

helped to solidify their impression of Scotland as an ideal platform for innovation. He closes by thanking Dean, the MSPs, and Alexia, as well as all the speakers.

9. D. Lockhart to provide closing remarks

DL MSP thanks all the panel participants for their great updates and insights.

10. AGM

DL MSP opens the AGM. He proposes that Edinburgh Chamber of Commerce will continue to act as secretariat (agreed). It is also proposed that DL MSP will stay on as Convenor, and DJ MSP will continue to act as Deputy Convenor – all agreed.