

CULTURE, TOURISM, EUROPE & EXTERNAL RELATIONS COMMITTEE

#SPICeBrexitWeekly

Issue 10

14 November

2016

BREXIT UPDATE

SPICe weekly update



**ARTICLE 50 LEGAL CHALLENGE
– THE LATEST**

**FIRST JOINT MINISTERIAL COMMITTEE
ON EU NEGOTIATIONS MEETS**

**WHAT MIGHT DONALD TRUMP'S
ELECTION MEAN FOR BREXIT**

SPICe

The Information Centre
An t-Ionad Fiosrachaidh

Written by Iain McIver, SPICe Research



The Scottish Parliament
Pàrlamaid na h-Alba

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About this paper

This regular paper produced by SPICe sets out developments in the UK's negotiations to leave the European Union which are expected to formally begin early in 2017.

Ahead of the UK Government's triggering of Article 50, the updates will provide information on the UK Government's approach to leaving the EU, along with details of the Scottish Government and the other Devolved Administrations positions. The updates will also provide information on developments within the EU with regard to the UK's departure. Finally the update will provide information on the key issues likely to be at play during the negotiations and in developing the UK's future relationship with the European Union.

As was clear during the referendum campaign and since the decision to leave the EU was taken, there is an abundance of information and analysis available, and this SPICe paper will try to cover the key issues by drawing on that information and analysis. This week's update includes details of the creation of a UK Government Cabinet sub-committee on Brexit and a speech by the President of the European Council.

Article 50 legal challenge

Following the UK Government's [confirmation it will appeal](#) the decision of the High Court to prevent Article 50 being triggered by use of the Royal Prerogative, the Scottish Government has [announced](#) it will join the Welsh Government in seeking to become a party to the case. In announcing the Lord Advocate will lodge a formal application to intervene in the UK Government's appeal to the Supreme Court on the triggering of Article 50, the [First Minister indicated](#) the Scottish Government also believed that ahead of triggering Article 50, the UK Government should seek the consent of the Scottish Parliament:

"The Scottish Government is clear that triggering Article 50 will directly affect devolved interests and rights in Scotland.

"And triggering Article 50 will inevitably deprive Scottish people and Scottish businesses of rights and freedoms which they currently enjoy.

"It simply cannot be right that those rights can be removed by the UK Government on the say-so of a Prime Minister without parliamentary debate, scrutiny or consent.

"So legislation should be required at Westminster and the consent of the Scottish Parliament should be sought before Article 50 is triggered.

"Let me be clear - I recognise and respect the right of England and Wales to leave the European Union.

"This is not an attempt to veto that process.

"But the democratic wishes of the people of Scotland and the national Parliament of Scotland cannot be brushed aside as if they do not matter.

"The Prime Minister said that on June 23 people across the UK had voted with, in her words, "emphatic clarity" when they voted by a margin of 4 points to leave the EU.

"The margin for remain in Scotland was 24 points: a far more emphatic and clear result.

"So the Prime Minister needs to live up to her promise to treat Scotland as an equal partner in the United Kingdom and listen to the will of the people of Scotland."

The Lord Advocate [wrote](#) to the Convenor of the Culture, Tourism, Europe and External Relations Committee on 8 November setting out his reasons for seeking to intervene in the case. He wrote:

"The case raises profoundly important issues, which significantly affect the interests of the Scottish Parliament, the Scottish Government and the people of Scotland. I have accordingly concluded that it would be appropriate for me to seek permission to intervene in the appeal to the UK Supreme Court."

On 9 November, the UK Government published its [grounds for appeal](#). The Secretary of State for Exiting the EU will argue in the appeal that:

“The Crown retains the power to give effect to the result of the EU Referendum, provided for specifically by the EU Referendum Act 2015, by taking the first step in the process contemplated by Article 50 and giving the notice;”

The appeal is expected to be heard by the Supreme Court in December.

Joint Ministerial Committee (European negotiations)

On 9 November the first meeting of the Joint Ministerial Committee (European negotiations) was held in London. The JMC (EU) is a forum to continue the UK Government’s work with the devolved administrations in Scotland, Northern Ireland and Wales to secure the best Brexit deal for the whole of the United Kingdom.

The meeting was chaired by David Davis, the Secretary of State for Exiting the European Union and Michael Russell MSP, Minister for UK Negotiations on Scotland's Place in Europe represented the Scottish Government. According to the UK Government’s [communique](#) published after the meeting:

“Ministers set out their priorities for discussion at JMC(EN), and agreed to develop further the proposed work programme to ensure its connection to and involvement with the process of negotiations. Ministers agreed to meet monthly to share evidence and to take forward joint analysis, which will inform that work programme.”

The Scottish Government published a [statement](#) from Michael Russell following the JMC(EN). The Minister for UK Negotiations on Scotland’s Place in Europe said:

“Our goal in these discussions is always to protect Scotland’s interests.

“I made it absolutely clear that membership of the Single Market and the benefits that flow from it, including free movement of labour, is essential for the economic prosperity of Scotland.

“Although it is good that the process of involving the Scottish Government and the other devolved administrations is underway, more than four months after the referendum the UK Government has still not made its strategic intentions clear.

“There was a discussion over EU market access but we do not know whether UK ministers want to remain inside the Single Market or the Customs Union. This will remain a considerable problem as we continue to promote the interests of Scotland.

“The UK Government must provide greater clarity and transparency on its intentions.

“At the Downing Street meeting two weeks ago the First Minister insisted the views of the devolved governments, expressed at these meetings, must be part of the UK’s negotiation position.

“A further meeting will be held next month and I look forward to receiving greater clarity from the UK on these substantial issues as we continue to put forward proposals that are best for Scotland.”

The UK Government’s Secretary of State for Northern Ireland, James Brokenshire also published a [press release](#) following the meeting in which he set out three commitments from the Department for Exiting the EU:

- A commitment to host monthly meetings of the EU Negotiation Joint Ministerial Committee.
- Continual informal engagement with the Department for Exiting the European Union over the coming months.
- The sharing of analysis by the Department for Exiting the European Union as part of a two-way flow of information.

What might Donald Trump’s election mean for Brexit

Following the election of Donald Trump as President-elect of the United States, there has been speculation about what it might mean for the United Kingdom in the context of Brexit.

Tim Oliver, a Dahrendorf Postdoctoral Fellow on Europe-North American relations at LSE IDEAS [writing on the London School of Economics blog](#) suggested the election of Donald Trump will present challenges to the UK-US special relationship. Specifically on Brexit, Tim Oliver wrote:

“Will a Trump Presidency seek common purpose with Britain and other European allies to find solutions? Trump’s rhetoric points instead to a US determined to turn inwards. Instead of finding common purpose, the two sides of the Atlantic may find they drive themselves further apart. That would pose a quandary for a post-Brexit Britain and its leaders who campaigned for Britain to leave the EU so it could instead forge new global trading links. Trump has hinted at being open to a trade deal with a UK outside the EU. That’s a position that contrasts with his overall protectionist stance. While he might leave an opening for the UK, his overall position would inflict much larger damage on the wider open global trading system that Britain remains a committed member of. Britain’s hopes of securing global trade deals depends on the rest of the world being open to such approaches. A Trump presidency will help push us all towards a world that isn’t like that.”

On the future of the special relationship post Brexit, Oliver wrote:

“Trump will pose a dilemma for Britain’s overall strategic outlook. Britain’s vote to leave the EU has highlighted a desire by some in the UK to play an enhanced global role, a role that would in part depend on cooperating with the USA. Yet in Trump the UK would find itself stuck between a Trump rock and a Brexit hard place. Does this mean Britain would have to find a third way between the US and Europe? Some may seek this and point to relations with other English-speaking nations such as Canada or Australia as ways forward. On their own, however, they are inadequate substitutes for the scale of existing economic and security relations which root Britain firmly into a transatlantic community.”

James Forsyth writing in the Spectator has suggested Donald Trump's victory gives [Theresa May some Trumps in her Brexit negotiating hand](#). Forsyth wrote:

“Theresa May now has a chance to create a strong relationship with Trump before other European leaders even start trying. The French and German elections next year, mean that their leaders will play Trump for domestic applause rather than trying to build a proper relationship with him: just look at Angela Merkel’s barbed message welcoming him to the presidency. This gives May a chance to make herself, and Britain, the bridge across the Atlantic.

This isn’t about agreeing with Trump, or backing his views. It is simple political reality: he will be President of the United States and the UK government has to work with him. After all, it is far less compromising dealing with Trump than, say, the undemocratic Chinese regime.

Even if May can’t make herself the bridge across the Atlantic, Trump still strengthens her Brexit negotiating hand. The uncertainty about Trump’s commitment to Nato means that the UK’s nuclear umbrella is suddenly far more important to European security, as I point out in this week’s magazine.

As one senior government figure says, if you’re the Baltic states or an Eastern European country you want a post-Brexit relationship with the UK that keeps security cooperation going. It is very hard to have that if you are trying to punish Britain for Brexit.”

The Economist has suggested that Donald Trump's election will make [Brexit more painful](#) with particular issues around trade, the strength of the UK economy and security. As a consequence:

“A single theme unifies these risks. Brexit is a giant shock to Britain’s place in the world. It will sever old links and require new ones to be forged. As some of its keenest proponents concede, this transition will bring painful costs. Most of all it demands lots of good will and flexibility on all sides. In so far as Mr Trump’s win means a meaner, more fractious, more volatile global order, it raises those costs and shrinks that space for compromise and consensus essential for a smooth Brexit.

Limiting the damage of a Trump presidency on a Brexiting Britain demands ambition and perspective from Mrs May. Her approach should be two-sided. First, build a new, closer alliance with Angela Merkel, not just on Brexit but on wider issues: the world economy, security, Russia and China. In Berlin and other European capitals officials complain that June’s referendum result has taken Britain’s mind off all other matters. The prime minister must not allow that to happen and instead work with Mrs Merkel as a bloc capable of countering Mr Trump’s worst traits.”

Andrew Duff MEP's address to the Constitutional Affairs Committee of the European Parliament

On 8 November, Andrew Duff, the Liberal Democrat MEP for the Eastern region of England gave [evidence on Brexit](#) to the Constitutional Affairs Committee of the European Parliament. He told the Committee that he concluded Brexit would happen and that if Parliament did get a vote on triggering Article 50 it would vote to trigger it.

On the future relationship he outlined that the UK was split about what Brexit should look like:

“The problem for both Government and Parliament equally, however, is that no consensus exists in Britain about what kind of future relationship the country should seek to have with Europe. Differences of opinion prevail both within and between the Remain and Leave camps. Scotland and Northern Ireland, which voted Remain, disagree with the London Government about how to proceed. Indeed, it is precisely because of the disorientation of the political parties at Westminster that the referendum was called in the first place. The referendum was bitterly divisive in political terms; it has destabilised the constitution and weakened Parliament. Beyond the mantra of “Brexit means Brexit”, the referendum result has not induced coherence. Several MPs may be discomfited at having to return to take a decision about the future of Britain and Europe that they thought they had shuffled off on to the shoulders of the hapless electorate.”

Andrew Duff suggests a successful model for the future relationship would be an Association agreement (such as the one the EU has with Ukraine). An Association Agreement would allow intergovernmental cooperation where appropriate and create the opportunity for a “deep comprehensive free trade area”. Andrew Duff told the Committee:

“An association agreement would allow for the best of the legacy of full EU membership to be conserved, including continuing British participation in, for example, EU agencies such as Europol. It allows for tariff-free access for goods and for the preservation of the regulatory equivalence that the UK has achieved with the EU by virtue of its long-standing membership. It does not prevent the UK from adopting an autonomous trade policy. Nor does it presage the UK's future re-accession to the EU: association can be a settled status.¹⁰ The transition from full membership to association agreement, via a transitional period laid down in the Article 50 agreement, is complex but feasible. Although a new UK-EU association agreement, being a ‘mixed agreement’, would require ratification in all member states, it could be introduced on a provisional basis”

Scottish Parliament Committee consideration of Brexit

The Economy, Jobs and Fair Work Committee continued taking evidence for its [Economic Impact of Leaving the European Union inquiry](#) on 8 November. The Committee took evidence from two panels of witnesses. The [first panel](#) was:

- Neil Francis (Scottish Development International)
- Professor Brad MacKay (University of St Andrews)
- Alison McRae (Glasgow Chamber of Commerce)

Neil Francis from SDI set out what the EU referendum result has meant for businesses in Scotland:

“The starting point is that we have continued to work closely with our account managed companies—they are companies that we have a relationship with—since the announcement of the result of the Brexit vote. On balance, people say to us that they are eager to understand more about the impact of Brexit, but that their near to mid-term expectations for exports remain fairly positive—slightly more positive than neutral.

To answer your question more specifically, the devaluation of sterling against the euro has given a greater opportunity for some of our exporters to sell into European markets, which is to be welcomed. There is some anecdotal evidence from the company base that there is an increase in the volume of exports to existing customers and they put that down partly to the difference in exchange rates. That picture changes for those who import raw materials or components in order to make their final product; the cost of imports is more expensive so the situation switches round. At this point, I do not have any quantitative evidence for how that is playing out.

The other thing is that, as imports to the UK become more expensive, that provides our companies with the opportunity to sell more in the UK market, which is a positive thing.”

Alison McRae told the Committee:

“The British Chambers of Commerce have noted a slight increase in exports since the referendum. That is slower paced than pre-referendum, but there has been an overall tone of slight growth.”

On EU nationals contributing to the Scottish labour market, Professor MacKay told the Committee:

“In my opening remarks, I talked about a reliance on skilled labour and, in some cases, unskilled labour. There is a range of sectors—agriculture, hospitality and construction, for example—that rely on migrant labour. Even if there was the prospect of switching to a more domestic source, there would be cost implications. Can such businesses remain competitive if their costs go way up?

A host of issues have to be unpacked, but what is likely to emerge from Brexit will mean a reconfiguration, which will have an impact on where different types of business recruit their labour, what their costs are and, in some cases—although not all—where they choose to locate. A fish-processing plant is obviously pretty well situated in the place where it currently operates, so thinking through the issues will be a huge challenge for such businesses.”

On the impact of Brexit on business, for example the automotive industry, Professor MacKay told the Committee:

“Let me take, as a couple of prominent examples, the responses of James Dyson of Dyson UK or Lord Bamford of JCB. Both companies are privately owned, and the fact that they are private means that a lot of the risk of whatever happens is assumed by the individual rather than by shareholders to whom they have to pay attention. Moreover, because their customer base outside the UK is generally very global, they are not as exposed to the EU as other types of business are. In some ways, therefore, it was not a surprise that they came out pro-Brexit.

However, there are many other businesses—for example, a lot of the 7,500 or so American businesses that employ 1.2 million people across the UK—that are in the UK for location advantages and access to the wider EU. When you begin to look at the configuration of such businesses, where their customers are and so on, you begin to find very distinct patterns.

The businesses that you are talking about, such as those in the automotive sector, which is very highly integrated across the EU, and particularly businesses whose market is in and trade is mostly with the UK but whose supply chain is in the EU, face a very tough challenge. They must either reduce costs to ensure that costs do not go way up or, in some cases, reconfigure some of their supply chain in the UK. I was talking to a manufacturing business in the north-east of Scotland that is very much in a similar situation. It is employee owned and employs about 100 people, and although all its customer base is in the UK, its supply chain is primarily in the EU. With the depreciation of the pound, its costs have gone up 20 per cent and it is now losing money, so it has to figure out how to reconfigure its supply chain to carry out more of its total manufacturing activity in the UK; otherwise, it will face a real challenge in adapting to the changed circumstances. As an employee-owned business, it cannot simply move some of its UK-based manufacturing.

To answer your question, it seems as though the direction of travel for the UK Government is that the automotive industry is one of those industries where it is going to try to negotiate some sort of carve-out or deal. That is not unprecedented. About 20 years before the free trade agreement between Canada and the US, there was the automotive pact, so there are examples of that. If the UK Government does not get or, for whatever reason, is unable to negotiate such a deal, businesses such as yours, Mr Paterson, where the supply chain is primarily in Europe and the market is primarily in the UK, will either have to figure out ways of reducing costs or, where they can, reconfigure their supply chain so that it is within the UK. Alternatively, depending on other factors, the UK Government might introduce terms to mitigate some of those cost effects of a depreciated pound.”

The [second panel](#) to give evidence to the Committee was:

- Mark Hogarth (Harris Tweed Hebrides)
- Bryan Buchan (Scottish Engineering)
- Karen Marshall (Scottish Leather Group Ltd)
- Alastair Sim (Universities Scotland)
- David Williamson (Scotch Whisky Association)
- James Withers (Scotland Food & Drink Ltd)

The witnesses on the second panel were asked what preparations their organisations had done following the referendum and what their negotiating priorities would be in terms of the UK's future relationship with the EU.

David Williamson from the SWA said:

“Over the summer, the industry did a lot of work to look at the range of scenarios. Our priorities are pretty clear in relation to the single market and further afield. On the single market, we need to make sure that, as far as possible, there are pragmatic and non-disruptive arrangements for the transition to whatever the new model might be, whether it is in the style of the European Economic Area or a free-trade agreement. That is important because, currently, the single market rules cover everything from the size of the bottles that we sell our whisky in and the label that goes on them to the very definition of our product. It is important that we have continuity and certainty in that regard.”

Looking further afield, the industry is focused on encouraging as open and liberal a trading policy as possible. If the UK is negotiating free-trade agreements around the world, we want to ensure that we maintain what we have now as far as possible—grandfathering the existing benefits that we have secured for industries such as Scotch whisky—and that we look further afield at where the opportunities might be, for example in markets such as India and China. We need to encourage trade deals that tackle tariffs and non-tariff barriers to trade and make sure that the geographical indication “Scotch whisky” is protected.”

James Withers from Scotland Food and Drink told the Committee:

“There are lots of detailed issues, but there are three top issues. Number 1 is on trade. Roughly 76 per cent of all the food that is exported from Scotland and that goes out of the UK goes to the European Union, so continued access to the European market in as pragmatic, tariff-free and sensible a way as possible is a priority.”

The second issue is access to labour. Approximately a third of our food manufacturing workforce comes from the European Union. That is absolutely central and is woven into the fabric of our industry and communities. Reassurance to the existing workforce and on-going access to the EU workforce after Brexit are absolutely crucial to our achieving our ambitions for further growth.”

The final issue that I would put in the top three is access to future funding and what that might mean for agricultural support in particular. Something in the region of £400 million to £500 million is paid directly to farms through EU funding and another £300 million to £350 million is paid through rural development measures.”

That supports much of the raw material that goes into food and drink manufacturing.

Future trade with the single market, access to labour and funding would be our top three priorities.”

Alastair Sim from Universities Scotland told the Committee:

“The three areas that are of crucial importance to the university sector are staff issues, which I will unpack a bit, student issues and research issues. There are huge issues about what the future is for new staff and international staff. We are proud to have about 4,600 EU staff in universities, across academic and professional disciplines. About 16 per cent of the academic workforce are from the EU. To put it bluntly, they face rather an uncertain future.

University principals are doing everything that they can to assure those people that they are an extremely valuable part of our academic enterprise and we hope very strongly that they will be able to continue to contribute to universities on the current basis. At the moment, there are questions that frankly cannot be answered about their immigration status, whether they or their successors—if they come to Scotland in the future—will be able to send their kids to school on the same basis as UK citizens, and whether they can use the national health service on the same basis as UK citizens. All those issues make it an extremely unsettling time for EU staff, and it is a difficult time to attract staff from EU countries, because there are no answers to those questions.

Similarly, we are proud to have more than 3,000 staff from outside the EU. They, too, are huge contributors to our intellectual vitality, and we need to be able to give them and their potential successors the assurances that the UK and Scotland will remain a welcoming destination and that we will not be putting up unnecessary visa barriers or unnecessary difficulties to their residency in Scotland, because we wish them to contribute.

That brings me on to student issues. Part of the rhetoric has been about looking at the opportunities. We are encouraged to look at opportunities as internationally as we can, and universities are already extremely active in that territory. To give some examples, we have 36,000 students overseas doing Scottish degrees; we have overseas campuses in Dubai and Malaysia, and Aberdeen is just starting one up in South Korea. We are out there building our international footprint, but while we do that—particularly while we try to attract to Scotland international students, who are a vital part of our academic and cultural ecosystems and who contribute to our financial sustainability—we face real barriers, in terms of the existing visa regime and the suggestions that the Home Secretary made in his speech to the Conservative conference that the regime will be tightened up even further, which would make it more difficult for universities to attract international talent.

We have a kind of hierarchy of our main research funders. The biggest element of funding comes from UK sources, including more than £260 million a year from research councils and £135 million a year from charities. The next level down, hierarchically, is EU sources, which contribute about £95 million a year. The next level down from that is international non-EU sources, which contribute around £37

million a year. Obviously, the EU element of the research funding ecosystem is extremely important both in itself and as a catalyst for cross-border research collaboration, which is part of the vitality of the university offer. We wish to see that continue as far as possible, for financial, intellectual and academic reasons.”

Karen Marshall representing the Scottish Leather Group told the Committee:

“First, there are the international trade duties and tariffs. The situation regarding those is extremely unclear just now—it will depend on what type of Brexit we have and what trade deals are concluded both within and outside the EU. As a company, we operate in a very competitive global marketplace and our margins are always in low single figures, but we employ an awful lot of people and help with the balance of trade. Particularly in the automotive and aviation sectors, margins are very slim, and our global competitors are willing to buy business. Our competitors are not on the scale of Scotch whisky but they are much bigger than us and are able to operate very slim margins. The imposition of tariffs could make already extremely competitive business unprofitable—certainly, less profitable—and that, in time, may render some businesses unsustainable. It could also impact on our future investments in Scotland.

For us, it is really important that we get a quick resolution of the situation. I have not experienced how quick such resolutions can be, but I do not want the process to go on for a long time. The length of time that it has taken to get a trade deal with Canada has added to the uncertainty around what is going to happen.

The second impact involves labour. About 25 per cent of the people we employ—over 900 people—are from eastern European countries and have come here over many years, primarily from Poland since it entered the EU. Leather working is a skill that it takes years to train people in, and many of those people are now experienced and skilled workers. It is therefore important that their future in Scotland is secure and that we can secure other labour as and when it is required.

The third impact is in the perception of the risk and the emotional attitudes of our European customers about trading with a non-EU supplier. I personally travel the world—it is what we do at the Scottish Leather Group. We build long-term partnerships through personal relationships with our customers. We are forever in airports all over the world, travelling, meeting people and doing business, and all the people I have met since June are aghast. I was out in America last week on business, and the Americans were aghast that we have voted to come out of Europe.”

Mark Hogarth representing Harris Tweed Hebrides told the Committee:

“The three priorities for Harris Tweed Hebrides are market access, currency and the emotion of buying—which is less easy to define—both at the wholesale stage and when the consumer buys at the retail stage. To give some context, Harris Tweed Hebrides was an openly pro-remain company and about 95 per cent of UK textiles and fashion companies were vociferously pro-remain.

On currency, it has been widely reported that a weaker pound is a positive because it makes the export situation better. We export 70 per cent of our products, but we are a company with luxury products. Like others who are

represented on the witness panel, we see ourselves as offering a luxury product and the world market regards us as luxury. We do not want to trade on currency, because that does not have longevity; we want to trade on being affordable.

Obviously, there is growth potential in the US. There is also growth potential in a market such as Russia. We have tried very hard in Russia but most of our samples get sent back before entering the country. It is not easy to develop new markets, and Europe is a key market. For example, we have managed to crack Italy and sell Harris tweed, which is deemed by many there to be a rough Scottish fabric. To sell our product to Italians is like the English selling wine to France. It has not been easy and it has taken years to build that market in Italy and get over its perceptions.

That leads me on to the third aspect, which is emotional consumption. To be seen to withdraw from Europe is to be seen to withdraw from the fashion fraternity. We are very fortunate in that our main expense is for wool that comes from Galashiels through the British Wool Marketing Board. However, the issue is the unknowns in how the buying process is going in both wholesale and retail. Ultimately, it will come down to tariffs. New tariffs and creating new markets from the old single market will prove very difficult. I guess that that all comes down to the politics of what kind of Brexit we get.”

Finally, Bryan Buchan from Scottish Engineering told the Committee:

“On the back of the collapse in the oil price since 2014, the Brexit vote has been a really bitter blow for our sector. In the round, Scottish engineering and manufacturing is characterised by SMEs and our largest single market is the rest of the UK, so we are not deriving a benefit from the weak pound. On the contrary, we are suffering terribly from increases in the prices of raw materials. Notably, galvanisers that have to buy zinc from Norway that is priced in dollars have seen prices rise by almost 60 per cent since January. That is not just because of Brexit, but Brexit has certainly exacerbated the situation. The price of UK-sourced steel is rising markedly and nickel prices are going up.

We cannot pass on all those price increases to customers, so we are seeing businesses trading on the margin. If they can absorb the material costs, the labour costs and the fixed and variable overheads, they will take business but beyond that there is virtually no margin. I am not hearing yet of anyone buying business, but I am told that that is potentially imminent. We need to be alert to what could happen in our industry.

Another important issue for us is the free movement of skilled labour. If we walk round the aircraft carrier that is under construction at Rosyth, we will see that every sign on the vessel in English is replicated in Polish. If it were not for the Polish welders and platers whom we have brought in to do that work, it would not be completed. We still need access to skilled labour.

The big thing for us will be the hammering out of trade deals. What does the future hold? The word that is used repeatedly—with some justification—is “uncertainty”. The brakes are on hard in terms of capital investment and they are not likely to come off until there is clarity for the future.”

Scottish Parliament debate on the European Union workforce in health and social care

On 8 November, the Scottish Parliament debated “[Health and Social Care \(European Union Workforce\)](#)”. Following the debate, Parliament passed the following amended motion by 87 votes to 28:

“That the Parliament believes that Scotland’s interests are best served by protecting its existing relationship in Europe, maintaining membership of the single market; recognises the valuable contribution that health and care staff from across the EU, and beyond, make to Scotland; notes that around 1 in 20 NHS doctors in Scotland come from other parts of the EU; resolves to continue promoting Scotland as a welcoming place for Europeans to work in the health and social care sector; is concerned that the outcome of the EU referendum will make it harder to recruit and retain EU citizens to work in health and care services in Scotland, and to study medicine, nursing and dentistry here, particularly as the health and social care workforce already face significant challenges, as highlighted in the recent Audit Scotland report, NHS in Scotland 2016, and considers that Brexit will only add to the pressures facing staff; deplores the potential threat that Brexit poses to social and employment protection, which are vital to NHS staff; demands that the UK Government stops using NHS staff from the EU as “bargaining chips”, and calls on the UK Government to ensure that Scotland is fully involved in decision-making, and in all negotiations between the UK Government and the EU to protect the interests of the health and social care workforce in Scotland.”

The UK Parliament’s response to the decision to leave the European Union

The House of Commons Exiting the EU Committee will begin its inquiry into the [UK's negotiating objectives for withdrawal from EU](#) on 16 November when it takes evidence from Dr Hannah White, Director of Research, Institute for Government, Sir Simon Fraser, Former Permanent Under-secretary at the Foreign and Commonwealth Office and Professor Catherine Barnard, Professor of European Union Law and the Jean Monnet Chair of EU Law, University of Cambridge. The [aim of the session](#) will be to explore a number of themes including:

- The process, timing and mechanics of the UK's negotiations with the EU
- Whether the Government has the capacity and resources necessary to meet its objectives

The evidence session will be broadcast on [Parliament TV](#).

A number of Committees in both the House of Commons and House of Lords have established inquiries linked to the UK’s decision to leave the European Union. Upcoming Brexit related work includes:

The House of Lords has produced an update covering its on-going [Brexit inquiry work](#).

On-going Brexit related work in the UK Parliament includes:

- [House of Commons European Scrutiny Committee Post Referendum Consultation](#)
- [House of Commons Scotland Affairs Committee Scotland's Place in Europe](#)
- [House of Commons Welsh Affairs Committee Implications for Wales of the EU Referendum Result](#)
- [House of Commons Public Administration and Constitutional Affairs Committee Lessons Learned from the EU Referendum](#)
- [House of Commons Environmental Audit Committee The Future of the Natural Environment after the EU Referendum](#)
- [House of Commons Energy and Climate Change Committee Leaving the EU: Implications for UK Energy Policy](#)
- [House of Commons Brexit and health and social care inquiry](#)
- [House of Lords European Union Committee Brexit: UK-Irish Relations](#)
- [House of Lords European Union Committee Brexit: Parliamentary Scrutiny Inquiry](#)
- [House of Lords EU External Affairs and EU Internal Market Sub-Committees Brexit: future trade between the UK and the EU inquiry](#)
- [House of Lords EU Internal Market Sub-Committee Brexit: future trade between the UK and EU in services inquiry](#)

The [sub-committees](#) of the House of Lords European Union Committee are also conducting a number of evidence sessions following the UK's decision to leave the EU including:

- [Fisheries Policy after Brexit](#)
- [Brexit implications for environment policy examined by committee](#)
- [Brexit implications for energy and climate change policy](#)
- [Brexit and Financial Services](#)
- [Brexit: environment and climate change](#)
- [Brexit: UK-EU movement of people](#)
- [Brexit: acquired rights inquiry](#)

The UK Parliament has also produced [impartial analysis](#) of the UK's referendum for remaining in or leaving the European Union. This page sets out useful research on the impact of Brexit on key policy areas. It also explains the process for leaving the EU. Most recently the House of Commons Library published a briefing on [Brexit unknowns](#). This briefing "looks at some of the basic 'unknowns' relating to Brexit. The unknowns cover areas such as a role for the UK Parliament and the devolved legislatures in the Brexit process, relations with the EU institutions, the economic impact on the UK, and changes to citizens' rights".

Iain McIver
SPICe Research

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Published by the Scottish Parliament Information Centre (SPICe), an office of the Scottish Parliamentary Corporate Body, The Scottish Parliament, Edinburgh, EH 99 1SP.

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This paper was written by Iain McIver, SPICe Research.

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