

Scotland

Overview:

Scotland is a sub-national territory in the northwesternmost lands and islands of the British Isles. It includes the Shetland and Orkney Islands to the north, and the Hebrides to the west. Scotland is one of three devolving jurisdictions in Great Britain, with a distinct approach to autonomy. Like much of the developed world, Scotland is experiencing a long term decline in traditional industries and a growth in the service sector which is now dominant in the economy.

Territory:

Scotland has a land area of 78,470 km², a coastline of over 10,000 km and around 100 inhabited islands. Only 2% of the land area is classed as urban. The three distinct geographic areas are the southern uplands, the central lowlands, and the northern highlands and islands. The territory ranges in width from 42 kilometers to 248 kilometers. The continental shelf and 200 mile limit rests with Great Britain. Scotland does have jurisdiction over a 12 mile limit: the Moray Firth in the Beatrice oil field is one of the few fields situated within twelve miles of The Scottish coast.

Location:

Scotland occupies the northern third of the island of Great Britain and shares a land border to the south with England. It is bounded by the North Sea to the east, the Atlantic Ocean to the north and west, and the North Channel and Irish Sea to the southwest. Apart from the mainland, Scotland consists of over 790 islands.

Latitude and Longitude:

Between latitudes 55 and 61 North and between longitudes 1 and 8 West.

Time Zone:

GMT

Total Land Area:

78470

EEZ:

12

Climate:

Scotland lies in the path of the Gulf Stream bringing a flow of warm, wet air across the Atlantic which gives the area a moderate climate with a high level of humidity. The daily mean temperature varies throughout the year from 3.1 Celsius in the winter to 15.7 Celsius in August.

Natural Resources:

Scotland has a rich heritage of natural resources; recent discoveries of oil off its shore has spurred the most recent economic resurgence. Early use of coal deposits in the industrial revolution of the 1800's was one of the most important determining factors in the development of the economy centered around the inland waterways of the central lowlands. The continental shelf around the territory contains a series of banks and underwater mountain ranges which mix ocean currents from the Gulf Stream and the Icelandic Current.

ECONOMY:

Total GDP:	
1997	94,789,000,000.00 USD
2001	96,852,000,000.00 USD

Per Capita GDP:	
1997	18,500.00 USD
2001	16,980.00 USD
2003	25,600.00 USD

% of GDP per Sector:			
	Primary	Secondary	Tertiary
1996	5%	32%	63%
2002	5%	32%	63%

% of Population Employed by Sector			
	Primary	Secondary	Tertiary
2001	4%	22%	74%

External Aid/Remittances:

Foreign investment has made an important contribution to the Scottish economy over the last 30 years. Americans and Far Eastern companies have been dominant investors in the past while Europe is now an important source of new investment. Significant areas of the country are eligible for assistance from the EU for various reasons: the Highlands and Islands because their economic growth lags behind the EU; the south of Scotland because of industrial decline; and the Lowlands because of long-term unemployment and social exclusion. These programs come to an end in 2006.

Growth:

The economy of Scotland is highly developed, diverse and growing. The latest five-year reporting period, 1999 to 2004, revealed that overall, the economy expanded by 10%. This has not been the case for all industries, however, and there have been some major changes in the importance of industrial sectors which is reshaping the economy. The whole of Scotland has been influenced to some extent by the oil and gas industry since the 1970's, but particularly where oil activity has been geographically concentrated. Aberdeen is still recognised as the oil industry capital of Europe. It has been influenced enormously since the advent of offshore oil activities. Construction and the service sector have shown the strongest growth, while the manufacturing sector has declined significantly. The importance of business services like real estate, software, accounting and legal services grew by 30% during the last five year period, and these services now represent 13% of Scottish exports. Financial services which represent 10% of the overall economy grew 40% in that same five-year period. Employment is at record levels, and the participation rate is very high, 75% of the working age population has a job, three quarter of those jobs are full time. The largest employer is the public sector at almost one in three employees, with higher skilled jobs making up almost 40% of all jobs. Average weekly income, however, is about 9% below the average in England. Unemployment is at its lowest levels for decades, and lower than many of the advanced countries in the EU. There are significant regional disparities with the highest levels of unemployment in West Central Scotland and in the Western Isles. The areas of lowest unemployment are in Aberdeen, East Renfrewshire, and East Lothian.

Labour Force:	
2001	2,312,000
2004	2,339,000

Unemployment	
Year:	Unemployment Rate (% of pop.)
1992	10%
2001	7%
2002	7%
2003	6%
2004	6%

Industry:

Scotland has a broadly developed economy: there are over 123,000 firms registered to collect business Value Added Tax. The largest sectors are business services 17%, public services 21%, manufacturing 16%, construction 6%, mining and energy 4%, agriculture 2%, R&D 0.67%. The largest and strongest manufacturing sector in the economy is electronics; food and drink is the second largest sector; chemicals and pharmaceuticals, textiles and transport equipment are also important industries. Edinburgh is the cultural and administrative capital, the centre of the paper making and publishing industry. Glasgow is the leading seaport with the River Clyde, dominating heavy industrial development with ship building and steel making. "Silicon Glen" has developed along the transportation corridor between Glasgow and Edinburgh. Aberdeen has become the centre of the petroleum industry in the European Union with the development of the gas and oil fields in the North Sea. The portion of the population that in 2001 was employed in broad industrial groups is as follows: Agriculture and Fishing 2%; Energy and Water 2.5%; Manufacturing 12%; Construction 7.5%; Distribution, hotels and restaurants 20%; Transport and Communications 6%; Banking, Finance and Insurance 14%; Public Administration, Education and Health 30%; Other services 6%.

Niche Industry:

One of the earliest industries to develop in Scotland was the woolen industry. It was recognized as so important to the development of the economy that the export of raw wool was banned in 1581. It began as a cottage industry which became widespread throughout the countryside and blossomed into factory production with the introduction of the steam powered loom. The industry diversified into tweeds and linen manufacturing and by 1876 there were over 250 factories employing over 22,000 workers. Highland Scotch whiskey is a unique product particular to the Scottish economy. The uniqueness stems from the quality of the water and peat which is used in the manufacturing process. Scotland is developing a unique export industry in the provision of business services to the rest of the world; they represent over 10% of total exports in 2001 and a similar level of employment in the total workforce. The financial services sector is concentrated in Edinburgh, and has a presence in Perth and Aberdeen. Electronics were a major niche industry in the past although this is changing rapidly as electronic exports have fallen by almost half since 2001. Shipbuilding on the River Clyde became an industry of world stature. The 1812 development of the passenger steamboat in Scotland marked the start of the industry and by 1835 over one half of the British shipbuilding industry was based here. The ship building industry suffered and crisis and decline during the 1960's with the growth of Japanese and European producers. Each of Scotland's regions has developed in a different way; the rural economy has changed dramatically; and the problems of rural peripherality are at their most acute in the Western Isles. There have been profound changes in this region, with long-term declines of primary and traditional industries, the growth of the service sector, diversification into new activities and the growing importance of leisure and tourism. The unique cultural and environmental resources in the rural economy are national assets with enormous potential. They are the principal heartland of Scotland's Gaelic culture and offer outstanding scenery and maritime habitats of international significance.

Tourism:

The tourism industry in Scotland has its origins during the 1700s, with the development of the Romantic Highland Tourist Trade by the firms MacPherson's Ossian and Scott's Waverley. In 1996 Scotland received over 2 million overseas visitors, the largest group coming from the United States, followed by Germany, France and Canada. The industry is large, valued over 2 billion English Pounds in that same year. In 2002 over 3,700,000 visitors arrived from the United Kingdom and over 800,000 people visited from overseas destinations. The development of the Edinburgh International Festival of Music and Theatre is an example of a cultural industry created to attract tourism initially. Created in 1947, this international festival has developed to the point of the installation of a 1900 seat theatre in 1994 to facilitate events.

Imports and Exports:

Scotland does maintain a small trade deficit with the rest of the world. A large trade surplus in Agriculture is credited to Malt Whiskey; manufacturing is the most significant export sector. The largest purchaser of exports is the United States, Netherlands, France, and Germany, while the most imports come from South Africa and Norway. Exports are an important sector in the economy. Business Services are a significant export, and almost 13% of Scottish exports are from this sector. Exports to the UK account for over 50% of Scottish exports, while imports from the UK account for 65% of total imports. Some sectors are particularly export-oriented: 28% of agricultural output and 36% of construction and production output is exported; more than 60% of manufactured exports go to the European Union. Textiles, beer and whiskey are among the



largest export product groups.	
Tot. Value of Imports	0.00 ()
From Eu:	
Import Partners (EU:)	
Partners Outside EU:	
Import Partners:	
Tot. Value of Exports	()
To Eu:	
Export Partners:	
Partners Outside EU::	
Export Partners:	
Main Imports:	
Main Exports:	

TRANSPORTATION/ACCESS

External:

Number of Airports: 5

Scotland has four main airport terminals serving 105 foreign destinations, as well as the mainland and inter-island airport systems. The total movement of passengers in 2004 was 22,555,000. The most popular destination was Spain accounting for 21% of all international traffic. Other popular destinations were the Netherlands and the Irish Republic. The five main airports in Scotland are Edinburgh, Glasgow, Prestwick, Aberdeen, and Inverness. Passenger numbers through Scottish airports almost doubled in the 10 years to 2002, to reach 19.8 million per annum. The expansion of the services offered by the low-cost airlines has made a major contribution to this growth. Passenger traffic has grown fastest at Prestwick and Edinburgh. Prestwick has grown most rapidly (44% per annum), but from a low base. Traffic through Edinburgh has grown by 10% per annum from a much larger base. While growth at Glasgow has been slower (6% per annum), it still has the largest passenger throughput. The main airports have developed distinct roles. Glasgow offers direct services to North America and supports the widest range of holiday charter flights. A new service between Glasgow and Dubai was due to start in April 2004. Edinburgh has key roles in relation to business traffic, the international short-haul scheduled network and express freight and air mail services. Direct flights between Edinburgh and Newark, New Jersey, were due to start in June 2004. Prestwick has seen a rapid expansion of low-cost services and has a lead role in heavy freight. Services from Aberdeen reflect the needs of the oil and gas industry, with scheduled flights to Bergen and Stavanger and a large heliport serving offshore installations. It also offers services to France, Ireland, Denmark and the Faroe Islands and a range of charter flights. Dundee Airport offers scheduled services to London City. Inverness provides the only scheduled air services from the Highlands and Islands to London and a domestic air transport gateway to the Islands.

Number of Main Ports:

The main ports are the Forth near Edinburgh, Clyde near Glasgow, Sullom Voe in the Shetlands, and on Orkney Island. The Sullom Voe and Flotta terminals provide deep water harbour facilities for the bulk export of oil and over 5 million tonnes of granite aggregates per annum are shipped from the coastal quarry at Glensanda. Sullom Voe Terminal is situated on the north coast of Mainland Shetland. Operated by BP it represents one of the largest onshore developments in recent years, handling production from more than twenty-four oilfields and with interests from 26 companies. Covering 40 hectares it was originally designed to handle crude oil throughput of around 1 million barrels per day and receives production through the Brent and Ninian pipeline systems, and via shuttle from the Schiehallion field. Some 275 tankers are currently handled at SVT per annum. In 2002, a new daily passenger ferry service between Rosyth and Zeebrugge in Belgium was established. 2003 saw the establishment of a new cruise ferry service linking Shetland, Iceland and the Faroe Islands with Denmark and Norway. Marine Passenger ferry services in 2004 carried over 2.3 million passengers to Northern Ireland from Stranraer, over half of Scotland's ferry traffic.

Internal:

Air

Inter-island airport and flight routes are subsidized by the Scottish Authority to 13 domestic airports. There is also an airport at Dundee and nine smaller airports provide lifeline services to communities in the Highlands and Islands. Services from Newcastle Airport are accessible from parts of the South of Scotland.

Road:

Scotland has a highly developed roadway system and is developing its bus passenger service to include free transport to seniors and disabled persons. The last 20 years have seen substantial improvements in Scotland's transport system, with major investment in the strategic road network in particular. The M74 motorway has improved road links to the South. The A90 has been dualled to Aberdeen to support the expansion of oil-related activity and a City Bypass constructed around Edinburgh. Long-distance routes such as the A1 and A7 links to England have been improved. The construction of the M77 has strengthened the link between Ayrshire and the Glasgow conurbation. There have been important improvements to the trunk road network in the Highlands, with a new bridge linking Skye to the mainland and other new bridges at Kessock, Dornoch and Cromarty. There has also been investment in improved provision for cyclists. The volume of traffic on Scotland's roads has grown by 18% between 1993 and 2002. Bus services: across Scotland, roads have been adapted to give a degree of priority to bus services or otherwise encourage travel by bus. Measures include bus priority lanes, new and improved bus stations, improved passenger interchanges and park-and-ride facilities. There is evidence that the long-term decline in bus usage is being reversed. The number of passengers carried by local buses has increased in each of the last 3 years.

Sea:

Scotland has an extensive marine infrastructure, operating in ports and inland waterways. The importance of water transportation has been seen in the economy since the construction of canals from the 1790's to 1820's when almost 200 miles of canals were built. 59 million tonnes of exports were shipped through Scottish ports in 2003. The main ports are the Forth, Clyde, Sullom Voe, and Orkney. Ports make a vital contribution to the economy, providing vital links between internal and external transport networks. In 2002 Scottish ports handled 124 million tonnes of freight. Domestic and international ferries provide lifeline services to the Highlands and Islands and important tourism and trading links. There have also been substantial improvements in the Highlands and Islands, with upgraded piers and harbours and modern car ferries replacing older vessels. Marine passenger Ferry services with significant passenger volumes in 2004. Ireland 2,300,000; Caledonia 5,300,000; Northlink 289,000; Orkney 48,000; Shetlands 755,000.

Other Forms of Transportation:

Rail: The rail network has been improved and extended over the recent decades. Scotland first introduced railways in 1826, spelling the end for canal

construction. The number of rail passenger journeys originating in Scotland grew from 55 million in 1991 to over 67 million in 2001 (an increase of almost 20% over the decade), but slipped back to 62 million in the year to March 2003. The successful reopening of the Edinburgh to Bathgate line has encouraged investigation of the potential for further expansion of the network. New commuter stations have been opened at Beaully, Bridge of Allan, Dyce in Aberdeen and on the Strathclyde Passenger Transport network. Two new stations were opened recently to the east of Edinburgh as part of the Edinburgh Crossrail scheme. To the West, Edinburgh Park Station was opened in December 2003. Waverly Station in Edinburgh is the second largest railway station in Great Britain. Scotland's railways are called ScotRail. First operated by National Express until 2004, the rail service is now operated by First Group, under the name "First ScotRail". In 2004 the railway carried 68.7 million passengers, an increase of about 20% in the last ten years; in 2005 passenger levels are expected to reach 72 million. Cross-border rail passengers from within Scotland number 2.5 million, and cross-border passengers from outside Scotland numbered 2.9 million in 2000. Limits to growth have been experienced with the imposition of speed restrictions after a serious accident at Hatfield in 2000.

Economic Zones:

The United Kingdom's Exclusive Economic Zone contributes about 70% of fish stocks to the European Union common pool, but the UK only lands about 17% of the fish - about £570 million in 2003. Scotland has jurisdiction to 12 nautical miles from its shores; an Act of Parliament would have to make an express derogation from the European Communities Act 1972 in respect of Fisheries Amendment to the Fishery Limits Act 1976 to change this boundary. There are currently no legal or constitutional restraints preventing the UK repatriating its fishing policy. There is a great deal of friction created by EU fishery and agriculture policy in Scotland as these issues are handled by Westminster on the international state in Brussels, but are really domestic jurisdictional matters of the devolved Scottish Parliament.

Energy Policy:

Since the 1970's, the development of the North Sea oil and gas fields has made an important contribution to the Scottish economy, and underpinned the prosperity in the North-east. North Sea fields are expected to reach peak production between now and 2010. Aberdeen and Peterhead have been the centre of development activities in the entire UK Continental Shelf and therefore the UK figures quoted below are considered relevant within a Scottish framework. The UK economy has benefited from £190 billion (2002 prices) in North Sea taxes since the mid 1960's. Government tax revenues have been particularly strong in recent years. The UK treasury estimates North Sea taxes at £4.9 billion in 2002. The industry has invested some £205 billion (2002 figures) in the exploration and development of the UK offshore sector since activity began in the mid-1960s. Over recent years the North Sea industry has represented some 17% of total UK industrial investment. Gas makes up a large component of all energy consumed in Scotland, a significant component of which is used in electricity production. The North Sea is the largest oil and gas reserve in the UK Continental Shelf (UKCS) with the majority of Britain's production coming from the basins east of Scotland. The northern North Sea (east of the Shetland Isles) also holds considerable reserves and smaller deposits are located in the North Atlantic Ocean, west of the Shetland Islands. There are now over 100 offshore fields in operation in the northern and central North Sea. The UK offshore oil and gas industry continues to contribute a major proportion (approximately 85%) towards the UK's total primary energy production. Recognizing the need to support the oil and gas industry, the government announced the abolition of Royalties from 1st January 2003 that will benefit the 30 fields that received development consent before the 1st April 1982. The Chancellor of the Exchequer in his April 2003 budget statement also announced the abolition of Petroleum Revenue Tax (PRT) for a new tariff business' from January 2004. It is believed that this will allow a further 500 million - 700 million boe from currently uneconomically viable North Sea developments. North Sea Pipeline connections to Scotland: The Forties oil pipeline from the Nelson/Forties field area to Cruden Bay, north of Aberdeen, from where it is conveyed to the Kinneil plant and Grangemouth; a number of gas pipelines from the central and northern North Sea that landfall at St Fergus, north of Aberdeen; connections from oil platforms in the North Sea to the Flotta terminal in Orkney; connections from oil platforms in the northern North Sea and west of Shetland to SVT in the Shetland Islands; a connection from the Beatrice field in the Moray Firth to the Nigg terminal in the Cromarty Firth; and two gas pipelines linking Ireland to a compressor station at Moffat. Scotland is embarked on a path for a sustainable energy policy embodied in its current government management plans. Energy consumption has increased by 15% between 1970 and 2000. Current energy consumption (2001): Renewable 1%; Primary Electric 9%; Natural Gas 40%; Petroleum 32%; Coal 17%. At present, electricity is generated by nuclear, coal and oil-fired power stations, hydroelectric schemes, wind farms and waste-energy power stations. More than 50% of electricity supply is generated by three nuclear power stations, all of which are expected to close over the next 25 years. Scotland's climate provides a great deal of potential for deriving energy from renewable sources such as wind, wave, tide and water. There is a long tradition of generating electricity from renewable sources. Post-war hydroelectric schemes meet about 11% of electricity demand. Other renewable energy sources, predominantly windfarms, currently meet nearly 2% of demand. With a number of large wind farms being developed in different parts of the country, the contribution from wind power is expected to rise substantially over the next 10 years. Scotland has a potential exploitable renewable energy resource of approximately three-quarters of the UK's current electricity generating capacity (59.1 GW). The Executive has set a target of deriving 40% of the electricity generated in Scotland from renewable sources by 2020. The development of renewable energy technologies is being encouraged as a means of tackling climate change and promoting the Scottish economy. The capacity of the electricity grid needs to be increased to facilitate the development of renewable energy resources. The pattern of the existing grid reflects the relationship of existing power stations to settlement. However, the West and North Coasts and upland areas are where topography and climate offer the greatest potential for renewable energy development. Grid connections between rural energy resources and the centres of electricity consumption need to be improved. As potential renewable output is several times greater than current Scottish consumption, the potential for export is large. The interconnector to England will need to be upgraded if this potential is to be realised.

Year	Total Energy Production (Mwh)	Type			Total Energy Consumption (Mwh)	Sector				
		Thermic (Mwh)	Geothermic (Mwh)	Other (Mwh)		Domestic (Mwh)	Commercial (Mwh)	Public Service (Mwh)	Industry (Mwh)	Public Lighting (Mwh)

Official Currency:
British Pound

Banking and Insurance:
Number of Banks and Credit Unions:
Number of Agricultural Credit Unions:
Number of Insurance Companies:

Scotland developed a banking industry early in its economic history. The Bank of Scotland was first formed in 1695, and many banks have been active in the economy since. The development of real estate services, computer services, financial services and insurance services are one of the most important patterns to emerge in the Scottish economy in the past several decades. Financial services account for over 10% of Scottish employment in the new economy. There is a full spectrum of financial services available to the Scottish economy, some of the most advanced in the world.

Financial Services:
Scotland has a highly developed financial service sector and can provide modern financial services anywhere in its territory. The banking, finance and insurance sector of the economy represents 14% of economic activity now (2004). The financial services sector is concentrated in Edinburgh, and has a presence in Perth and Aberdeen.

Communications/E-Commerce:



Public Ownership:

The influence of the European Economic Community has been felt in the transportation sector. Membership in the EEC has meant that the ferry service must be left to the private sector, this was an area of significant government involvement and ownership in the past.

Land Use:

The country has a land area of 78,000 km², a coastline of over 10,000 km and around 100 inhabited islands. Only 2% of the land area is classed as urban. The history of land settlement and ownership has caused many tensions in the society. Land ownership is concentrated in the hands of very few individuals: 350 people own about one half of the land in Scotland. In 2003, the Scottish Parliament passed a Land Reform Act which will force the sale of some lands from estates. Directives from the EEC introduced obligations on EU Member States to identify a network of sites of European nature conservation importance and to ensure that measures are taken for the protection of threatened species and habitats. These requirements were transposed into UK law through the Conservation Regulations 1994. Scotland has developed a policy of derelict land reclamation. The Executive has set a target of returning 100 km square of vacant and derelict land to use in Glasgow, North Lanarkshire and Dundee. The restoration of vacant and derelict land, former mineral workings and landfill sites offers important strategic opportunities. The closure of older industries has left poor environments and significant areas of vacant and derelict land, some of it contaminated.

Agriculture/Forestry:

Agriculture has been an important industry throughout the history of the Scottish economy. This has changed significantly over the years and now the combined sector of Agriculture and Fishing employs only 1.7% of the population. Agricultural potential is limited; geology, topography and climate limit prime agricultural land and only 6% of the land area is prime, although 25% of the land mass is under cultivation.

Marine Activity:**Fishing:**

Scotland has jurisdiction over inland waterways and inshore waters to 12 nautical miles; regulation of the inshore fisheries is under the direct control of the Scottish Office of Agriculture, Environment and Fisheries Department. The Rockall Bank is a very large feature rising from more than 1000 m depth with the shallow part ranging from 220 to 65 m. It is situated beyond the continental shelf, partly falling into the 200 nm offshore limit of jurisdiction of the United Kingdom and/or the Exclusive Economic Zone (EEZ) of Ireland. The British Navy claimed Rockall Island and Westminster deeded the island to Scotland. The European Community Common Fisheries Policy (CFP) sets the framework for the allocation of fisheries resources amongst member States and their rights of access to Community waters. It also allows the introduction of technical measures for the conservation of fisheries resources. The jurisdictional difficulty that arises is that fisheries matters are represented by Great Britain in the EU, even though they are of more concern to the Scottish Parliament. The United Kingdom Exclusive Economic Zone contributes 70% of fish stocks to the common market pool, any new member joining the EU will also be entitled to a share of the fish stocks. There has been a reduction in catches of 25% in the eight years from 1995 to 2003 Scotland. (from 912,000 tonnes to 686,000 tonnes). There are three fishing areas off the coast of Scotland, the Western area between Scotland and Ireland landed 12%, the Northern Area off the Islands landed 40% 162,050 tonnes, and the Eastern area 48% of the landings. The Fishermen's Compensation Fund was established in 1974 to pay compensation for lost or damaged gear, loss of fishing time or vessel damage resulting from offshore operations where the loss could not be attributed to a specific operator. Since 1989, the fund has paid out £1.78 million to fishermen. As a result of closer co-operation with the fishing industry, the number of claims considered by the fund has reduced from 55 in 1999 to 31 in 2002.

Marine Life:

The Water Environment and Water Services Act 2003 provides a framework for the sustainable management of water resources. It has set a target of improving 315 km of poor or seriously polluted watercourses by 2007. There is a battery of overall framework and convention governing the waters around Scotland. The 1982 UN Convention on the Law of the Sea was ratified by the UK in 1997; this provides a framework for the regulation of all ocean space. The EU Common Fisheries Policy, the UN agreement on Straddling Stocks, the EU Habitats Directive which places an obligation to provide protection for marine habitats within the 12 nautical mile limit of territorial waters and the International Whaling Commission which has banned the commercial exploitation of whales all affect the management regime of marine activity.

Critical Issues:

European Union: EEC directives commonly introduce obligations on EU Member States. Scotland, through the membership of Great Britain, has been a member since 1973. Many observers point to the handling of Scottish affairs by the British Parliament, particularly fisheries and agriculture, as critical issues for the future. It is extremely difficult to delimit Scottish and English offshore activities. Whilst there is a geographical distinction between the predominantly oil yielding fields of the North and Central North Sea in Scottish waters, and the predominantly gas yielding fields in the English waters of the southern North Sea, both regions are operated to a large extent from Aberdeen and Peterhead. Activities in the entire UKCS therefore impact to some extent on the Scottish coast. Considerable marine activity is associated with the North Sea offshore terminal in Aberdeen Scotland. Gas flows from the North Sea fields have been dropping for the last five years leading to 2005 before a wave of new import projects start up in 2006 and 2007. Local planning authorities have planning control of all oil and gas activities, including onshore production, terminals and pipelines (of 16 km length or less) above the low water mark. Orkney and Shetland Island Councils obtained additional powers through the Orkney County Council Act 1974 and Zetland County Council Act 1974 respectively. This effectively allowed OIC to control works within Scapa Flow and gave SIC similar powers within a three-mile territorial limit.

JURISDICTIONAL RESOURCES**Capital:**

Edinburgh

Political System:

The Scottish Executive is currently the devolved government of Scotland. It was established by legislation in Westminster in 1998 and held its first meeting in 1999 following the first elections to the Scottish Parliament. The Scottish Executive is responsible for the day-to-day issues of concern to the people of Scotland, including transport, health, education, justice, and rural affairs. The Executive is led by a First Minister who is nominated by Parliament; the First Minister in turn appoints the Ministers who make up the Cabinet. The Executive's plans and priorities are set out in a Partnership Agreement which was drawn up following the 2003 elections. Scotland has adopted a proportionate electoral system, with citizens voting for a district representative as well as a regional top-up vote for proportionality. Voter turnout is falling, from 59% in the 1999 election to 49% in the 2003 election. There are 129 Members in the Assembly, 73 of whom are elected in a first-past-the-post electoral system, and 56 of whom are appointed to represent the eight regional European Parliament constituencies based on proportional representation. Scotland also sends over 50 Members to the British Parliament; recent amendments restrict their voting privileges and exclude them from voting on English matters. There are also Scotland's eight members of the European Parliament who are elected by the D'Hondt system from party lists. Local Unitary Authorities in Scotland are administrative bodies that must act within the framework of laws passed by the European, United Kingdom, and Scottish Parliaments. Scotland is divided into 32 Unitary Authorities. They are responsible for a range of community services including environmental matters, urban planning, education, roadways and traffic, fire fighting, sanitation, housing, parks and recreation.

Political Parties:

There is a diversity of political parties including, Scotland Highlands & Islands Alliance, Scottish Conservative Party, Scottish Green Party (Partaidh Uaine na li-Alba), Scottish Independence Party, Scottish Labour Party and Scottish Liberal Democrats. Scotland's seven members of the European Parliament were elected by the D'Hondt system from party lists. The 2004 European election saw several records being made: the UK Independence Party's best ever result, the Scottish National Party's worst result in a national election since 1987, the Scottish Labour Party's worst result in a national election since 1918 and the Conservative & Unionist Party's worst result in a national election since 1832. Labour 26.4 %, Scottish National Party 19.7

%, Conservative & Unionist Party 17.8 %, Liberal Democrats 13.1 %, Scottish Green Party 6.8 %, UK Independence Party 6.7 %, Scottish Socialist Party 5.2 %, Operation Christian Vote 1.8 %, British National Party 1.7 % Scottish Wind Watch 0.6 %, Independent(Tait) 0.3 %. The Scottish National Party was founded in 1934 and elected their first Member of Parliament in 1945. The discovery of oil and gas in the North Sea gave the independence movement a great boost and all areas of Scotland supported the 1997 referendum vote brought on by the SNP. The Labour Party has been a dominant force since the 1960s and currently governs Scotland in a coalition with Scottish Liberal Democrats..

Important Legislation:

The Scotland Act. The closest associated power is the Government of Great Britain. Great Britain has devolved certain powers to the Scottish Parliament, but retains power over constitutional matters, foreign policy, defence and national security, fiscal policy, economic and monetary systems, immigration and nationality, energy, common markets, trade and industry, some aspects of transportation (eg. railways and transportation safety), social security, equal opportunities, gambling and the National Lottery. Schedule 5 of The Scotland Act of The British Parliament provides the details of shared and devolved powers. International relations, including relations with the European Union, are reserved matters. The UK is the Member State of the EU but it is recognised that there will be aspects of EU affairs that have a specific or different impact in Scotland The European Community association has specific effects on Scotland, such as requiring the devolution of the Ferry Services previously operated by the local authority. Almost half of the workload of legislation in the Scottish Parliament starts with the words "Directives from the EEC introduced obligations on EU Member States The legal basis of the EU originates in the Treaty of Paris (1951) which established the European Coal and Steel Community (ECSC) and the 1957 Treaties of Rome which established the European Atomic Energy Community (Euratom) and the European Economic Community (EEC). These treaties were originally signed by the 6 founding members of the EU: Belgium, France, Germany, Italy, Luxembourg, and the Netherlands. The first enlargement of the Community was in 1973 when the United Kingdom, Denmark and Ireland joined. The European Parliament is elected every 5 years.

Principal Taxes:

The Scottish Executive were given limited tax varying powers, restricted at this point to within a 3% range of British norms. The oil and gas industry has played a major role in the economy of the Northern Isles, not only in terms of employment but also through the payment of fees and royalties. Both Orkney and Shetland Island Councils established a special reserve fund that accumulated from the operation of the Scapa Flow and Sullom Voe ports. The councils also negotiated "Oil Disturbance Monies" from the oil industry and put this into a charitable trust to compensate for the long-term economic disruption and the longer-term problems that the eventual departure of the oil industry would cause.

Associated Power:

United Kingdom

Citizenship:

Scottish residents are considered British Citizens and are free to live and work in England, Northern Ireland, and Wales.

Paradiplomacy:

HUMAN RESOURCES

Population statistics have been maintained since 1855, showing 2,978,100 people living in Scotland in that year, the following 100 years saw a rise to over 5 million people by 1950, and it has stayed at that level ever since. In every year since 1901, except 1976, there have been more births than deaths in Scotland, and since the mid-1990s immigration has become a significant factor in the general population. Scottish population peaked in 1971 and has been declining since, largely due to a declining fertility rate since then.. Scotland can be divided into four broad natural zones, the Northern Highlands and Islands, the Central Highlands, the Lowlands and the Southern Uplands. Settlement pattern has been strongly influenced by land form. It is still largely based on the pattern of burgh settlement begun in the 12th century, modified by industrialisation and the depopulation of rural areas in the 18th and 19th centuries, and supplemented by the mid 20th century New Towns. Most of the population is distributed between six relatively small cities and a range of medium-sized and small towns. Much of rural Scotland is very sparsely populated by European standards.

Island	Area (km sq.)	Population	% of Total Population
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Between 1991 and 2001, the population of Scotland has fallen by half of one percent. The City of Edinburgh, however, has seen an increase in population of 12,300 (3%) over the same period. Of all Scottish local authorities, West Lothian experienced the biggest increase in population with a rise of 13,700 (9%). The biggest falls occurred in Eilean Siar where the population has decreased by 2,800 (10%) and Glasgow City which has fallen by 51,400 (8%). Age of Population (2001): 0-15 (19%); 16-29 (17.5%); 30-44 (23%); 45-59 19%); 60 and up (21%). It can be said that Scotland has a declining and ageing workforce.

Population:	
Year	Resident Population

Age of Population:	0-14	15-24	25-49	50-64	65 and up
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Migration:

Migration to other parts of Great Britain and to overseas destinations, particularly North America played an important part in Scotland's demographic history. The Highland Clearances which took place over a prolonged period of history from 1780 to 1864 saw thousands of crafters driven off their land and forced to migrate. In migration and out migration have been in balance in the last decade.

Crude Birth Rate:	
2001	11.6%

Life Expectancy:

2004 male life expectancy 73.8 years; 2004 female life expectancy 79 years. Mortality is historically higher in Scotland than in England.

Crude Death Rate:

Ethnicity:

Virtually all persons whose religious affiliation is to The Church of Scotland and the Roman Catholic Church are from a White ethnic group. The vast majority of people from other Christian backgrounds are also White as is the Jewish population. Two thirds of Muslims are from Pakistan while Sikhs and Hindus are predominantly from India. The number of people of non-white ethnic origin is considerably lower in Scotland than it is England. 2% of Scottish residents classified themselves as non-white compared to 9% in England. The more urban areas of Scotland have a greater ethnic diversity than the rural areas and Islands, with Edinburgh having the second highest proportion of non-whites at 4.1% behind Glasgow at 5.5%.



Class Division:**Languages:**

The two official languages of Scotland are English and Gaelic. There are currently fewer than 60,000 people who now speak Gaelic.

Religion:

The dominant religions currently practiced in Scotland are Church of Scotland (42%), and Roman Catholic (16%). Attempts to unite the Church of Scotland and the Church of England failed in 1959 and 1971. Many other religions are practiced in Scottish society and there are communities of Other Christian (7%), Buddhists (0.13%), Hindu (0.11%), Jewish (0.13%), Muslims (0.84%), Sikh (0.13%), and no religion (27%). Christianity is the most common religion for all four White groups and also for Caribbean, African and Other Black Scottish people. Sikhism is the most common faith among Indian people (37.6%) followed by Hinduism (30.5%) 89.2% of Pakistanis, 84.3% of Bangladeshis and 43.2% of Other South Asian people are Muslim. 32.4% of people who listed their ethnicity as 'Other' are also Muslim as are 18.5% of African people. 63.1% of Chinese people responded that they have 'no current religion'. The group reporting the lowest level of 'no religion' is Pakistani people (2.8%). 12.5% of Other Black people chose not to state their religion as did 10.9% of Caribbean people and 10.3% of Other South Asian people.

Literacy:**Education System:**

Total Primary Schools (2000) 2,278 public, 425,216 students; (2003)2,248 public, 406,015 students; 62 independent, 11,686 students. Total Secondary (2000) 389 public, 317,704 students; (2003)386 public, 318,427 students; 55 independent, 17,065 students. Total Colleges (2003/4): 46; 467,000 full and part time students. There are a total of 21 Higher Education Institutions serving over 270,000 students including 8 Universities.

Total Pre-schools:()	
Total Primary Schools	
First Level:	
Second Level:	
Third Level:	
Total Secondary Schools:	
Total Professional Schools	
Universities:	

Number of Schools per Island:										
	Pre-school		Elementary			High-school		Prof.	University	
	Pub	Priv	1	2	3	Pub	Priv		Pub	Priv

Students Enrolled:					
Year:	Pre-School	Elementary	High-school	Prof.	University

Teachers							
Year	Pre-School	Elementary			High-School	Prof.	University
		1	2	3			

There has been a significant growth in the percentage of the working age population who hold some kind of higher education qualification. Since 1994 when 20% of workers held a degree the improvement has been marked, and now 30% of the working age population has a higher education degree.

Medical Services:

The average number of staffed hospital beds available in the year ending March 31, 2005 was 17,201. There are 13 major hospitals providing these services.

HISTORY AND CULTURE**History:**

Scottish history dates back to the Neolithic and Bronze Ages, from at least 4,000 BC. Scotland was originally covered with forest and a wide range of biodiversity, and evidence of settlement has been found of the first hunter gatherers about 8,000 BC. After farming had originated in the Mediterranean, the domestication of plants and animals spread throughout Europe and to Great Britain: the major landscape effect was the change to the forest cover. During the Iron Age, 750 BC to 41 AD, the Celts arrived and displaced many who were living there. There are written accounts of the Iron Age people from the Romans who were next to invade Great Britain. The Romans made it as far north as Hadrian's Wall, unable to tame the northern lands, and the Scots were left on their own until the departure of the Romans. The departure of the Romans left a power vacuum, and this sparked struggles by the Irish Scots, German Angles, Caledonia Picts, and Strathside Britons. The Picts won out in 685, and began to pull together the territory as a substantial kingdom, which endured attacks by Vikings among others. By the year 1,000, the monarchy of Scotland began to assume vestiges of European monarchies, strengthening the church, creating a merchant class led by Flemish peoples, and gradually developing a problematic relationship with the English to the south. Upon the death in 1286 of Alexander III, King of Scotland, another power vacuum was created. With no obvious heir to the throne, thirteen competitors claimed the Scottish throne, and a civil war loomed. The intervention of the English successfully installed the Stuart dynasty

in the Scottish Kingdom. James VI become King of England 1603. Scotland was by this time developing a relationship with English and French interests, usually as a pawn in the power struggles of its two larger neighbors. French Catholic and English Protestant soldiers were facing each other on the southern frontiers of Scotland. The Reformation period which followed increased the English influence in Scotland. Scottish religion and culture became more closely aligned with English Protestantism at this time. The Stuart dynasty which followed through the 1600s was dominated by debate over religion and politics. The debate was a people's debate, as ordinary Scots felt that their chances of going to heaven were threatened by the King's religious policies. The Glorious Revolution of 1688 established the Church of Scotland and freed the Scottish Parliament from Royal control. This eventually led to financial collapse and an economic necessity to create the Act of Union and merge the Scottish and English Parliaments. The 1700s saw the clearing of the Highland for sheep, and the displacement of the thousands of people in "the Clearances". The clearances were driving force in British colonial settlement around the world from 1750 to the early 1800s. It was also a period of industrialization and enlightened thinking: Scotland became a power house of new ideas affecting Europe and the World, and Edinburgh became the showcase of the Scottish Enlightenment. Scottish history in industry and culture, and its independent roots have led to the current state of government affairs with the devolution of the Scottish Parliament from the total control of its English neighbors. Even after unification with England in 1707, Scotland maintained some special privileges, with its own currency, church, trade unions, legal and education systems. Historically, the economy first developed around the coal industry, then the cloth industry, then iron manufacturing and the resulting heavy industry and ship building that followed. In recent times, the location of much oil-related activity in remote areas of Scotland has resulted in profound alterations to the social fabric of communities such as those in the Northern Isles. In particular it has resulted in increased incomes and an emergent distinction between the waged and non-waged, as well as alterations in the patterns of consumption and political behaviour. In Shetland, during the 1970s, the police force doubled and reported crimes increased by over 250%. There was concern voiced at the time of the impact of incomers on the "traditional" way of life, although the threat of rapid change seemed to spark a revival of interest in local language and music, as well as local events and affairs.

Referenda:

1975: A referendum was held in Great Britain on the question "Do you think GB should stay in EEC?" Two thirds of the voters in England, N. Ireland, Scotland and Wales approved in all but two of the 68 regions, only Shetland Islands and Western Isles voted against. In Scotland the SNP waged a dogged 'No' campaign against EEC membership, the level of support for Britain's membership was lower in the Scotland with 50 per cent opposed, 37 per cent in favour and 13 per cent undecided. Opponents of membership in the EEC were, generally speaking, against birth control, in favour of increased Scottish independence, tended to work in manual occupations and to be less well-educated. 1979: In the first referendum for Scottish devolution, there was only a 37% voter turnout, and barely more than 50% support for the proposal. This proposal was for a block grant from the British government with no tax-varying power. 1997: In the second referendum for Scottish devolution, 75% voted for a Scottish Parliament and 64% voted for tax-varying powers; there was a 61% voter turnout.

Recent Significant Events:

1972: Great Britain joined the European Common Market and brought Scotland many ensuing obligations.

Music, Dance, Handicraft and Patrimony:

The Scottish Arts Council values the arts in crafts, dance, drama, literature, music, and visual arts and invests heavily in these areas. There is a rich Scottish history in costume, kilt and tartans; music and dance with the bagpipes and sword dancing, and a legacy of letters, paintings and poetry to equal any cultural history in the world. Scotland had developed its own unique system of dry measure, liquid measure, and linear measure before joining the Imperial measure system set out by Great Britain.

Sources:

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