

Scotland:

Business and microeconomic framework

- The UK is a true domestic single market. Businesses in Scotland have easy access to customers across all parts of the UK. Sales to the rest of the UK represent almost a third of Scottish GDP.
- This single market is underpinned by working together: a shared business framework of common regulations and institutions, a flexible labour market and a shared communications network and transport infrastructure.
- Independence would cause divergence in this framework, making trade across the UK more difficult and more costly. Just a 1% reduction in exports by Scotland to the continuing UK would equate to £480m of sales.

Within the UK, goods, services, capital and people can move freely, to the benefit of businesses and consumers

- **As part of the UK, consumers benefit from greater competition across a large domestic market, which increases choice and reduces prices.** Businesses benefit from access to a large domestic market. In 2012, Scotland sold £48 billion of goods and services to the rest of the UK - double Scottish exports to the rest of the world combined and four times as much as to the rest of the EU.

A strong, shared business framework underpins this common domestic market

- **Common regulations and institutions across the UK** create the most market-oriented economic and regulatory environment within the OECD.
- **An integrated and flexible labour market enables workers to move freely between jobs in Scotland and the rest of the UK.** In the year to June 2011, 44,000 people came to Scotland from elsewhere in the UK, with 41,000 people moving in the other direction. In 2011, 30,000 people lived and worked on different sides of the England-Scotland border.
- **Businesses across the UK benefit from a shared infrastructure for innovation, research and development.** For example, UK-wide funding offered by institutions such as the Technology Strategy Board supports collaboration between business and research institutions across the UK.
- **The UK's shared communications network and transport infrastructure connects individuals and businesses across all parts of the UK.** For example the UK's universal postal service, enshrined in law, provides the same standards of service across the UK despite the varying costs of providing such a service.

Independence would cause divergence in this business framework making trade across the UK more difficult and more costly

- **The institutions behind the current integration of the UK domestic market would not continue to operate in the same way across an international border.** For example, Companies House and the Intellectual Property Office would remain with the continuing UK.
- **With different rules, interpretation and enforcement there would be additional costs of doing business on both sides of the border.** The 2009 European Business Test Panel survey of 440 companies from across Europe, found that 55% encounter a high level of administrative burdens when doing business in other EU countries.
- **Trade between an independent Scottish state and the continuing UK would suffer from having to work across separate and diverging markets.**