



HM Government

# Scotland analysis: Defence

October 2013





# Scotland analysis: Defence

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# Contents

Executive summary	5
Introduction	16
Chapter 1 Security and protection through integrated defence	21
Chapter 2 Security and influence through international alliances and relationships	53
Chapter 3 Opportunities for industry through a single, domestic defence market	67
Annex A UK forces to be deployed for Operation HERRICK October 2013	79
Annex B Defence in European states with populations similar to Scotland	82

the fact that the *Journal of Applied Behavior Analysis* is the most widely read journal in the field of behavior analysis.

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# Executive summary

## Why defence matters in the debate about independence

In September 2014 people in Scotland will take one of the most important decisions in the history of Scotland and the whole of the United Kingdom (UK) – whether to stay in the UK, or leave it and become a new separate and independent state. It is the duty of the government of any state to safeguard national security and to protect its people, territory, economy and interests from internal and external threats. Scotland leaving the UK would therefore have profound consequences for the national security of both Scotland and the rest of the UK. The UK Government is playing its part to ensure that the debate about independence is properly informed by analysis and that the facts that are crucial to considering Scotland's future are set out. This paper analyses the UK's approach to defence and the potential consequences of Scottish independence. It complements analysis of the UK's approach to other aspects of national security, such as the security and intelligence agencies, countering terrorism and combating organised crime and providing protective and cyber security, which will be explored in a further Scotland analysis paper.

Devolution within the UK means that the Scottish Parliament and Scottish Government are empowered to take decisions on a range of domestic policy areas, so that specific Scottish needs are addressed; and that on issues where all the citizens of the UK benefit from collective decision-making and collective endeavour, decisions are taken at the UK level. Devolution thus enables people in Scotland to have the best of both worlds.<sup>1</sup> Defence is a reserved responsibility of the UK Parliament and UK Government for the whole of the UK, as it is essential to the integrity of the state, and all people across the UK benefit from a common approach. The UK Government therefore provides for the defence of the whole of the UK and all its citizens equally, acting on behalf of people in England, Scotland, Wales and Northern Ireland, as well as the Overseas Territories<sup>2</sup> and UK citizens abroad. Like most other countries, the whole of the UK, including Scotland, faces a diverse and unpredictable range of threats and risks. The UK Government firmly believes that Scotland's defence is best served by being part of the UK; and that the defence of the UK as a whole benefits from Scotland's contribution as part of it.

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<sup>1</sup> *Scotland analysis: Devolution and the implications of Scottish independence (Cm 8554)*, HM Government, February 2013.

<sup>2</sup> UK Overseas Territories are: Anguilla, British Antarctic Territory, Bermuda, British Indian Ocean Territory, British Virgin Islands, Cayman Islands, Falkland Islands, Gibraltar, Montserrat, St Helena and Dependencies (Ascension Island and Tristan da Cunha), Turk and Caicos Islands, Pitcairn Island, South Georgia and South Sandwich Islands, Sovereign Base Areas on Cyprus.

In the event of a vote in favour of leaving the UK, in the eyes of the world and in law, Scotland would become an entirely new state.<sup>3</sup> If Scotland were to become independent, therefore, it would leave the UK and its existing arrangements, and would need to establish its own defence arrangements as part of forming a new state. The Scottish Government has suggested that an independent Scottish state might remain part of a wider 'defence union' as a member of NATO.<sup>4</sup> However, although alliance through NATO provides an important basis for cooperation between sovereign states, it is not the same as, and could not deliver the equivalent benefits of, the UK's fully integrated approach to defence. With a similarly diverse and globalised population and economy, and with a shared history and culture, an independent Scottish state would continue to face many of the same security threats as the continuing UK and other countries and, like them, would continue to be dependent for its prosperity and security on international stability and the upholding of international norms and the rule of law. The government of an independent Scottish state would become responsible for ensuring the protection and security of people in Scotland from the threats they would continue to face and for protecting and promoting Scottish interests around the world. It would have to make important choices and judgements about its foreign, security and defence policies in an increasingly complex global security landscape, including: the scale of armed forces it would need; how best to raise, equip, train and maintain them; what international alliances or other relationships to establish; and what defence industrial capabilities to sustain.

## Security and protection through integrated defence

As part of the UK, Scotland benefits from the full range of UK defence capabilities and activities. These defend UK airspace, patrol the surrounding seas and help to protect everyone in the UK against both natural and man-made threats. As part of a state dependent on trade, and with a diverse population connected to all parts of the world, Scotland also benefits from the UK's extensive defence engagement overseas to project influence and help to safeguard and establish peace and security in countries affected by conflict or instability, maintain competitive advantage and tackle security threats before they reach the UK.

The UK has the resources and military capabilities to deal with multiple operations concurrently and is able to respond rapidly to support conflict prevention and resolution and humanitarian crises. The scale and quality of the UK's capabilities mean that it is able to make a real difference, which smaller states find more difficult to achieve. The UK Government's 2010 National Security Strategy<sup>5</sup> emphasised the importance of identifying early both risks and opportunities, tackling at root the causes of instability and working with others helping to resolve conflicts and contribute to stability. The UK's Armed Forces regularly work with partners from the Foreign and Commonwealth Office and the Department for International Development, with allies and partner nations, and with non-governmental organisations and others to prevent conflict in unstable countries and support humanitarian missions. Since 2010, the UK Government's Conflict Pool funding has made a vital contribution to conflict prevention and resolution overseas, including supporting political reconciliation in Somalia, providing police training in Libya, and helping reform the security sector in Mali. The UK Government intends to build on the successes of the Conflict Pool by pooling new and existing resources from across Government into a new Conflict, Stability and Security

<sup>3</sup> *Scotland analysis: Devolution and the implications of Scottish independence (Cm 8554)*, HM Government, February 2013.

<sup>4</sup> *First Minister sets out vision on defence*, <http://news.scotland.gov.uk/News/First-Minister-sets-out-vision-on-defence-2a6.aspx#downloads> 25 July 2013.

<sup>5</sup> *A Strong Britain in an Age of Uncertainty: The National Security Strategy (Cm 7953)*, HM Government, October 2010.



Fund of more than £1 billion in 2015/16.<sup>6</sup> The UK's Armed Forces contribute to a number of stabilisation and humanitarian operations and initiatives in fragile and conflict-afflicted states across the world. These activities range from the engagement of individual defence attachés, through small deployments of UK military training teams, to military campaigns.

The UK Armed Forces have both shaped, and been shaped by, the United Kingdom and have become emblematic of the UK in all its diversity. As it has for more than 300 years, Scotland plays an integral part in all aspects of the UK's defence. As UK citizens, people from Scotland are employed throughout the Ministry of Defence (MOD) and the UK Armed Forces, including the units which recruit primarily in Scotland and which are integral parts of the British Army. Scotland is home to major bases for critical UK military capabilities and other essential facilities, including for military training and testing. As at 1 July 2013, there were over 11,100 Regular Armed Forces (7.5 per cent of the UK total) and 4,000 MOD civilian personnel (7.6 per cent of the UK total)<sup>7</sup>, from across the UK and beyond, at around 50 MOD sites throughout Scotland, as well as an estimated 2,200 trained Volunteer Reserves (10.3 per cent of the UK total). There are also an estimated 11,500 Cadets (8.5 per cent of the UK total).

Although defence reforms mean that the overall number of Regular Armed Forces personnel across the UK is decreasing, by 2020 the number in Scotland is set to increase to 12,500 (8.8 per cent of the UK total). And, as a part of the UK Government's plans to increase the size of the Reserve Forces, by 2018 there will be an estimated 4,250 trained Volunteer Reserves in Scotland (about 12 per cent of the UK total). On current UK Government plans, by 2020 Scotland will be home to one of three Royal Navy main bases, including all its submarines, one of the British Army's seven Adaptable Force Brigades and one of three Royal Air Force fast jet main operating bases.

The defence presence generates economic benefits for communities throughout Scotland, through jobs, contracts, and requirements for supporting services. Bases make significant contributions to local and regional economies, particularly in some of the more remote areas, in terms of income and employment and at a socio-economic level, for example on the viability of local primary schools. Her Majesty's Naval Base Clyde, in Argyll & Bute, is the biggest employment site in Scotland, with 6,700 military and civilian jobs, increasing to 8,200 by 2022. There are also very large numbers of personnel in Angus, City of Edinburgh, Fife, Glasgow City, Highland, Midlothian and Moray.<sup>8</sup> The MOD spends about £140 million per year on maintaining the defence estate in Scotland; and planned investments over the coming years include an additional £100 million for British Army basing, £85 million for development of RAF Lossiemouth and hundreds of millions of pounds at Her Majesty's Naval Base Clyde. The Scottish Government has previously recognised the economic impact of military sites in Scotland, such as those at Leuchars, Kinloss, Lossiemouth, Fort George, Royal Marines Condor near Arbroath, the Hebrides Range and Her Majesty's Naval Base Clyde, many of which are located in remote areas, which may be heavily reliant on the public sector; as well as the social impacts of Service personnel in local communities, including on local health care provision, education and fostering services.<sup>9</sup>

The Armed Forces Covenant, which was published by the UK Government in 2011<sup>10</sup> and the key principles of which were enshrined in the Armed Forces Act 2011, along with the complementary Community and Corporate Covenants, are delivering real benefits for the

<sup>6</sup> *Spending Round 2013 (Cm 8639)*, HM Treasury, June 2013.

<sup>7</sup> *Quarterly Location Statistics 1 July 2013*, Ministry of Defence, 22 August 2013.

<sup>8</sup> *Quarterly Location Statistics 1 July 2013*, Ministry of Defence, 22 August 2013.

<sup>9</sup> *The UK Basing Review Submission from The Scottish Government*, Scottish Government, 16 June 2011.

<sup>10</sup> *Armed Forces Covenant*, Ministry of Defence, May 2011.

Armed Forces Community across the UK, including in Scotland. The benefits delivered include grants to charitable and not-for-profit projects, as well as a range of initiatives to remove disadvantage arising from membership of the Armed Forces and, where justified in some circumstances, to make special provisions. The complementary efforts of the UK and Scottish Governments to uphold the Armed Forces Covenant provide a positive example of how under current devolved arrangements the two Governments are working together to achieve common interests.

Scotland also benefits from every pound spent on UK defence. The UK has consistently committed a high level of expenditure to defence. Defence spending in 2012/13 was over £34 billion (including nearly £3 billion on operations)<sup>11</sup>. In 2011, the UK remained the second largest military spender in the North Atlantic Treaty Organisation (NATO) after the United States (US), and one of only three NATO countries which met the NATO target of spending the equivalent of 2 per cent or more of Gross Domestic Product on defence; it was the fourth largest military spender in the world after the US, China and Russia.<sup>12</sup> The defence budget is set to continue at £33 billion to £34 billion (excluding the cost of operations) over this and the next two years.<sup>13</sup>

This level of spending, together with the associated economies of scale, means that the UK is able to maintain world-class armed forces and equipment, as well as the essential supporting structures and services which are required to make them effective. As a result, the UK has defence capabilities of a scale and sophistication enjoyed by few other countries. The UK has large, integrated, highly capable and well equipped naval, land and air forces, complemented by integrated command, control and communications and specialist capabilities such as logistics, intelligence, cyber and Special Forces; and the UK's strategic nuclear deterrent plays an essential part in the UK's and NATO's overall strategy and provides the ultimate assurance against current and future threats. Even after planned reductions over the coming years, by 2020 the UK will still have 142,500 Regular Armed Forces (82,000 Army<sup>14</sup>, 31,500 Royal Air Force and 29,000 Royal Navy<sup>15</sup>) and nearly 35,000 trained Volunteer Reserves<sup>16</sup>, supported by 53,500 MOD civilian personnel<sup>17</sup>.

The government of an independent Scottish state would become responsible for establishing and maintaining Scotland's own defence capabilities and armed forces, as well as the necessary command, management, enabling and supporting structures and services. Many of these would have to be developed from scratch, which would take substantial time and up-front investment.

The development and support of armed forces is a complex business. Personnel must be recruited, trained, housed, managed and retained. Equipment must be designed, developed and supported through its life. This is not just the front-line capabilities, such as ships, infantry fighting vehicles and jets, but also the huge variety of supporting capabilities, including medical care, intelligence and logistics. Headquarters must be developed and trained to

<sup>11</sup> *Annual Statistical Series 1, Finance Bulletin 1.03, Departmental Resources 2013*, Ministry of Defence, 26 September 2013.

<sup>12</sup> *United Kingdom Defence Statistics 2012 Chapter 1 – Finance (Release 2)*, Ministry of Defence, 6 February 2013.

<sup>13</sup> *Spending Round 2013 (Cm 8639)*, HM Treasury, June 2013.

<sup>14</sup> *Transforming the British Army*, Army, July 2012.

<sup>15</sup> *Securing Britain in an Age of Uncertainty: The Strategic Defence and Security Review (Cm 7948)*, HM Government, October 2010.

<sup>16</sup> *Future Reserves 2020*, Written statement by Secretary of State for Defence, House of Commons Hansard Columns 65WS-67WS.

<sup>17</sup> *Managing change in the Defence workforce: Report by the Comptroller and Auditor General HC 1791 Session 2010-12*, National Audit Office, 9 February 2012.

exercise command and control of forces; and a head office is needed to provide strategic direction and democratic control and accountability.

While there are many important defence assets located in Scotland, these do not operate in isolation; in order to fulfil their roles effectively they depend on close integration with other elements, including services and infrastructure spread across the rest of the UK. Each base or establishment fits together as part of a jigsaw, performing a specific, inter-locking function.

A good example is the Royal Air Force's management of security for the entirety of the UK's airspace from the Control and Reporting Centre at RAF Boulmer in Northumberland which forms part of the Air Surveillance and Control System. As part of a UK-wide response, the Control and Reporting Centre integrates information from long-range military and civilian air traffic control radars across the UK (including sites in Scotland), with intelligence and tactical data from airborne or naval surveillance assets from NATO or UK sources to provide comprehensive situational awareness. This is used to determine when high-readiness Quick Reaction Alert Typhoon fighters are launched in response to an incident from RAF Leuchars in Fife (in future RAF Lossiemouth in Moray) or RAF Coningsby in Lincolnshire. This integrated system provides coverage across the whole of the UK, enabling a timely response against fast-moving potential threats from any direction. In such circumstances time is of the essence and the absence of any requirement for cross-border co-operation within the UK increases the odds of successful interception. The existing, seamless UK-wide command and control operation provides the highest standards of protection for all UK citizens.

Re-designing a new force structure that worked coherently would be a substantial task. Adapting the functions of Scotland's defence footprint would result in a substantial burden on the public finances of an independent Scottish state during establishment, and duplication of costs thereafter for the essential services currently provided on a UK-wide basis. It is difficult to predict how long the establishment phase would last, but given the complex, integrated nature of the UK Armed Forces and the absence of command and control structures and other essential components in Scotland, this would not be an easy process. Even basic re-design of military bases is a costly undertaking requiring substantial investment to cater for different operational needs.

An independent Scottish state would face a very significant challenge to establish, man and equip its armed forces and wider defence and security structures. It is undisputed that, in the event of independence, negotiations would have to take place with the continuing UK on a whole range of matters, including on assets and liabilities. With a smaller tax base, an independent Scottish state would have to consider seriously its ability to sustain levels of investment at existing bases, particularly where these are currently geared towards support for specific, high-end capabilities. As an example, RAF Lossiemouth is currently home to three squadrons of Tornado jets, and in future will be home to three squadrons of Typhoon jets. Fast jets are expensive, both in terms of equipment, maintenance and infrastructure costs and the numbers of personnel required to support them. It is not clear whether or not an independent Scottish state would be in a position to prioritise long-term retention of such assets given the high overheads, and this could have a knock-on impact on local communities.

The question of how separate armed forces for an independent Scottish state would be manned would have acute significance. An independent Scottish state would face an immediate and pressing challenge to establish armed forces capability, and supporting defence machinery. In the event of a vote in favour of independence, negotiations over assets and liabilities such as equipment, basing and other infrastructure would be difficult; however on personnel, this would present an extremely difficult challenge to overcome, drawing in citizenship considerations.

An independent Scottish state could not simply co-opt existing units that are primarily recruited or based in Scotland, as these are an integral part of the UK Armed Forces; nor could those units in themselves provide a coherent, credible and balanced force. Similarly, individual members of the UK Armed Forces, in whatever units they serve, could not simply be moved into the forces of a separate Scottish state. The UK Armed Forces are a highly attractive career option, with all three Services featuring in the annual surveys of the top graduate employers by both *The Times* and *The Guardian* newspapers.<sup>18</sup> UK Armed Forces personnel can expect varied and interesting careers in one of the most highly regarded, technologically advanced forces in the world, providing rewarding opportunities for international and operational experience, as well as many other benefits such as training and development, and good pay, conditions and pension. A RAND Europe survey conducted in 2007 suggested that the promised lifestyle, overseas travel and sense of deriving a feeling of pride from service life were significant motivating factors for recruitment into the UK Armed Forces.<sup>19</sup> Personnel might very well not wish to leave the UK Armed Forces to join much smaller forces, not least because of strong bonds of loyalty. From a defence perspective, the transition to independence would therefore be extremely complex, raising serious questions over how an operational capability for an independent Scottish state could be managed.

European states with similar sized populations to that of Scotland do have their own armed forces and make valuable contributions to European Union (EU) and / or NATO defence arrangements, while benefiting from the collective security offered by those institutions. However, each state differs in its defence spending, force composition, strategic orientation, threat perception, institutional memberships and capability requirements; and all of them have to make very difficult choices because of relatively small populations and budgets. An independent Scottish state would face similarly difficult choices, with significant implications for its defence and freedom to operate. In terms of overall expenditure, it is difficult to draw accurate comparisons for a variety of reasons, not least because an independent Scottish state would face additional establishment costs. On the recruitment challenge, some states, such as Finland and Norway, help to sustain personnel numbers by retention of a policy of national service; given the different cultural and historical context for recruitment in the UK, it is unlikely that such a policy would be viewed as credible or acceptable for an independent Scottish state.

Various proposals or options have been put forward by the Scottish National Party (SNP) and others regarding the possible defence posture and capabilities of an independent Scottish state, with estimated costs ranging from £1.6 billion to £2.5 billion to cover defence, intelligence and cyber capabilities. Even the highest of these estimates is only about 7 per cent of the combined UK budgets for defence, intelligence and cyber, and less than countries such as Denmark and Norway spend on defence alone. It is not clear what level of security and protection the proposals would provide for Scotland; but it is clear that it would be much less than that provided to Scotland as part of the UK.

## Security and influence through international alliances and relationships

In a world characterised by growing interconnectedness and interdependence among states, the importance and value of collective security arrangements is increasingly acknowledged. In order to counter contemporary threats and to maintain national security and prosperity, it is essential that the UK's defence is rooted in a strong network of international alliances and relationships.

<sup>18</sup> *The Times Top 100 Graduate Employers 2013/2014*: British Army 26th, Royal Navy 88th and Royal Air Force 89th. *The Guardian UK 300 2013/2014*: British Army 48th, Royal Air Force 65th and Royal Navy 108th.

<sup>19</sup> *Remuneration and its motivation of UK military personnel*, RAND Europe, 2007.



The UK has a geopolitical influence that few states of similar size can match. The UK is a permanent member of the UN Security Council, a leading member of the EU and a founder member of NATO. As one of the largest contributors to NATO in financial, manpower and capability terms, the UK is well positioned to shape the current and future thinking of the Alliance, and to benefit from the collective security it provides. The UK also has an extensive and longstanding network of bilateral defence relationships, principally with the United States (US) and France, and with numerous other countries across the world. This delivers billions of pounds worth of benefits every year through access to capabilities, training, research and development, as well as intelligence essential for UK national security. The UK's influence is underpinned by the reputation and effectiveness of the UK Armed Forces and its willingness to use them to uphold the security of the international community.

In the event of a vote in favour of Scotland leaving the UK, the remainder of the UK would continue as before, retaining the rights and obligations of the UK as it currently stands. On the international stage the UK's membership of key organisations (including the EU and NATO) and involvement in treaties would be largely unaffected by Scottish independence. As a new state, an independent Scottish state would be required to apply to and / or negotiate to become a member of whichever international organisations it wished to join.<sup>20</sup>

An independent Scottish state would cease to benefit from the UK's existing historically strong and mature alliances and relationships and would have to form its own. Defence and security alliances are based on operational credibility and expertise, proven capabilities and decision-making, and influence within the geopolitical system. Although existing allies – including the UK – would have goodwill towards Scotland, it would likely take a long time and much hard work to build its new alliances and relationships; and as a new and much smaller state, Scotland would be unlikely to enjoy the same level of influence within them as the UK does. This would raise questions over an independent Scottish state's attractiveness as a defence partner, its ability to exercise freedom of action where its interests were threatened, and ultimately the level of national security that could be provided to people in Scotland.

If an independent Scottish state wished to be a member of NATO, the North Atlantic Council, on which all 28 member states are represented, would need to agree unanimously to its application, taking account of its defence policy, including its intended budget, capabilities, missions and objectives. As NATO is a nuclear alliance, an independent Scottish state's position on nuclear weapons would be one of the factors which would be considered. NATO's Strategic Concept states that the supreme guarantee of the Allies' security is provided by the strategic nuclear forces of the Alliance, including those of the UK.<sup>21</sup> The SNP's policy position<sup>22</sup>, to seek membership of NATO for an independent Scottish state while being unwilling to subscribe to the nuclear aspects of NATO's Strategic Concept, risks undermining the collective defence and deterrence of NATO Allies, and would represent a significant complication to its membership.

The UK Government has made it clear that it is not planning for Scottish independence or to move the strategic nuclear deterrent from Her Majesty's Naval Base Clyde. If the result of the referendum were to lead to the current situation being challenged, then other options would be considered, but any alternative solution would come at huge cost. It would be an enormous exercise to reproduce the facilities elsewhere. It would cost billions of pounds and take many years. Furthermore, if the nuclear deterrent had to relocate, then so would the

<sup>20</sup> *Scotland analysis: Devolution and the implications of Scottish independence (Cm 8554)*, HM Government, February 2013.

<sup>21</sup> *Active Engagement, Modern Defence: Strategic Concept for the Defence and Security of Members of the North Atlantic Treaty Organisation*, NATO, November 2010.

<sup>22</sup> *Foreign, Security and Defence Policy Update*, Scottish National Party, October 2012.

whole of the submarine enterprise, including the Royal Navy's attack submarines and the submarine centre of excellence.<sup>23</sup> This would have a major impact upon the sustainability of the base, which is the biggest employment site in Scotland.

## Opportunities for industry through a single, domestic defence market

The scale of UK defence spending is a key factor in sustaining defence and other industry in the UK, driving innovation in high technology manufacturing and ensuring it is an important player in the exports market. The MOD spent over £20 billion with UK industry in 2011/12, just under half of which was with the manufacturing sector<sup>24</sup>, providing significant employment opportunities and contributions to national and local economies. Over the 10 years from 2012/13, the MOD will spend almost £160 billion on new equipment and data systems, and their support.<sup>25</sup> Many contractors in the UK benefit from contracts exempted from EU procurement rules for national security reasons, which are placed or competed within the UK. The UK remains the second largest defence exporter in the world after the US, with a 17 per cent share of new global defence export orders worth £8.8 billion in 2012.<sup>26</sup> This success in a highly competitive market is testament both to the strength and quality of the UK defence industrial base and to the worldwide reputation of the UK Armed Forces; nations want to use equipment that the UK Armed Forces use and seek long-term relationships often linked to acquisition of UK defence exports.

A substantial industrial footprint in Scotland is sustained by the UK's defence spending, ranging from design, manufacture, assembly and maintenance of complex warships to the latest high technology innovations in aerospace engineering, defence electronics and electro-optical systems in companies based throughout the country. Many MOD prime contractors have sites in Scotland, including Babcock, BAE Systems, Rolls-Royce, Selex ES, Thales, Raytheon and QinetiQ, which employ very large numbers of people in many areas across the country, thus making significant contributions to local and regional economies. According to Scottish Development International, the aerospace, defence and marine industry in Scotland accounts for ten per cent of the UK industry, with over 800 companies employing nearly 40,000 staff, with the defence sector employing over 12,600 people and having sales in excess of £1.8 billion per year.<sup>27</sup>

The MOD is, by far, the primary customer for the shipbuilding industry in Scotland, which is structured to be able to meet the capability demands of the Royal Navy. The Scottish shipbuilding industry has played a major part in the successful delivery of the Royal Navy's six Type 45 destroyers: building work and final assembly were carried out at the Govan and Scotstoun yards as part of a £5.6 billion procurement programme, which sustained thousands of jobs in the UK maritime sector and at its peak provided employment for up to 4,000 people on the Clyde. Scottish yards also have a major part in building and assembling the Royal Navy's Queen Elizabeth Class aircraft carriers and, as at July 2013, the MOD had spent around £1.9 billion on work billed to the programme by BAE Systems on the Clyde and Babcock at Rosyth, with around 4,000 jobs in the yards directly linked to the programme;

<sup>23</sup> *The Referendum on Separation for Scotland: Terminating Trident – Days or Decades?: Government Response to the Committee's Fourth Report of Session 2012-13*, House of Commons Scottish Affairs Committee, 9 January 2013.

<sup>24</sup> *United Kingdom Defence Statistics 2012 Chapter 1 – Finance (Release 2)*, Ministry of Defence, 6 February 2013.

<sup>25</sup> *Secretary of State for Defence statement on Defence Budget and Transformation*, House of Commons Hansard Column 263, 14 May 2012.

<sup>26</sup> *UK Defence and Security Exports 2012*, UK Trade & Investment Defence and Security Organisation, 20 June 2013.

<sup>27</sup> Scottish Development International website: [www.sdi.co.uk](http://www.sdi.co.uk) accessed on 2 August 2013.

over £300 million of sub-contracts have also been placed with Scotland-based companies by the Aircraft Carrier Alliance. Future MOD plans for complex warships currently include the proposals for the Type 26 Global Combat Ship programme. There are currently about 300 industry jobs in Scotland linked directly to this programme at the BAE Systems Maritime Naval Ships site in Scotstoun working on design, project management and supply chain. Final decisions on the programme, including where the ships will be built will not be taken until the middle of the decade. It is estimated that shipbuilding work on the programme would be worth billions of pounds and support thousands of jobs not just at the shipyard that will build these vessels, but also at suppliers across the UK, including Scotland.

In the event of independence, companies based in an independent Scottish state would no longer be eligible for contracts that the UK chose to place or compete domestically for national security reasons; and where they could continue to compete they would be pitching for business in a competitive international market dominated by major economic powers. All of the UK's complex warships are designed and built within the UK without being subject to international competition for reasons of national security – other than procurement activity undertaken during the World Wars, the UK has not had a complex warship built outside the UK since the start of the 20th century at least – and the UK Government remains committed to utilising the strengths of UK industry in this specialist and complex area.

An independent Scottish state would therefore certainly see lower domestic demand for defence goods due to a much smaller budget and would also lose the support to exports provided by the UK's international defence engagement and facilitated by the UK's global reputation. The UK Trade and Investment network, which has offices in 169 locations across 100 countries, provides support to industry and defence exports by providing local knowledge and contacts to enable UK businesses to flourish in growth markets, such as Turkey, Mexico, Brazil and India<sup>28</sup>, and attract inward investment and jobs to the UK that might otherwise go elsewhere. Support is also provided by the MOD, including senior officials, Service Chiefs of Staff and Defence Ministers who promote UK defence capabilities and industry to foreign counterparts when appropriate, including through high-level visits overseas and via demonstrations of UK capabilities at international trade events. A recent example of this approach coming to fruition is the order from Oman in late 2012 for 12 Typhoon and 8 Hawk aircraft which will help sustain some 6,000 high technology and engineering jobs at BAE Systems sites across the UK and over 30,000 more across the broader defence supply chain.

## Conclusion

From a defence perspective, the arguments for Scotland remaining in the UK are extremely strong. In the event of a vote for independence, an independent Scottish state would lose the benefits of one of the largest defence budgets in the world and of an integrated approach to defence that currently protects all parts of the UK, while offering significant economies of scale, as well as contributing to conflict prevention and resolution, and to humanitarian operations overseas. The start-up costs and complexity of establishing separate defence capabilities for an independent Scottish state would be very significant, and would need to be factored into the Scottish Government's budget estimates.

In a globalised world, an independent Scottish state would have to start from scratch, as a new and much smaller state, in forming alliances, building relationships and forging its reputation. It would cease to enjoy the influence that derives from the UK's established status as a key player within the international system, and the opportunities this offers to advance the UK's security and prosperity objectives.

<sup>28</sup> *National Security through Technology: Technology, Equipment, and Support for UK Defence and Security (Cm 8278)*, Ministry of Defence, February 2012.

The sustainability of the defence industry in an independent Scottish state could be a cause for considerable concern, as it would no longer be eligible for contracts that the continuing UK chose to place or compete domestically for national security reasons upon which it currently depends, and would lose the support to exports provided by the UK's extensive international defence engagement and the reputational benefits of affiliation with the UK's Armed Forces in the highly competitive global market.

The implications are clear. An independent Scottish state could not come close to replicating the level of defence and security that comes from its place within the UK and would likely be heavily reliant on allies and partners, including the UK, for its defence and security.





# Introduction

In September 2014 people in Scotland will take one of the most important decisions in the history of Scotland and the whole of the United Kingdom (UK) – whether to stay in the UK, or leave it and become a new separate and independent state. It is the duty of the government of any state to safeguard national security and to protect its people, territory, economy and interests from internal and external threats. In the event of a vote for independence, Scotland leaving the UK would therefore have profound consequences for the national security of both Scotland and the rest of the UK.

## Current arrangements for the defence of Scotland as part of the UK

Devolution within the UK means that the Scottish Parliament and Scottish Government are empowered to take decisions on a range of domestic policy areas, so that specific Scottish needs are addressed; and that on issues where all the citizens of the UK benefit from collective decision-making and collective endeavour, decisions are taken at the UK level. Devolution thus enables people in Scotland to have the best of both worlds.<sup>29</sup>

Defence is a reserved responsibility of the UK Parliament and UK Government for the whole of the UK, as it is essential to the integrity of the state and all people across the UK benefit from a common approach. The UK Government therefore provides for the defence of the whole of the UK and all its citizens equally, acting on behalf of people in England, Scotland, Wales and Northern Ireland, as well as the Overseas Territories<sup>30</sup> and UK citizens abroad.

## Threats and risks in a connected world

In determining its defence and security needs, any state has to assess the threats and risks it faces, prioritise them and decide how it will tackle them.

In a world which is increasingly interconnected and interdependent, the UK is an open, outward-facing state that depends on trade and has people living all over the world. This brings great opportunities, but also vulnerabilities. Like most other countries, the whole of the UK, including Scotland, faces a diverse and unpredictable range of threats and risks, many of

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<sup>29</sup> *Scotland analysis: Devolution and the implications of Scottish independence (Cm 8554)*, HM Government, February 2013.

<sup>30</sup> UK Overseas Territories are: Anguilla, British Antarctic Territory, Bermuda, British Indian Ocean Territory, British Virgin Islands, Cayman Islands, Falkland Islands, Gibraltar, Montserrat, St Helena and Dependencies (Ascension Island and Tristan da Cunha), Turk and Caicos Islands, Pitcairn Island, South Georgia and South Sandwich Islands, Sovereign Base Areas on Cyprus.

which come from overseas and require an international and proactive response.

The UK Government currently assesses that no state has the combination of capability and intent necessary to pose a conventional military threat to the territorial integrity of the UK. But the world is unpredictable and intent can change in a matter of only a few years, and the UK has to be prepared for that. The UK Government's 2010 National Security Strategy<sup>31</sup> identifies 15 priority risks to the UK as a whole; with four assessed as being of greatest concern:

- international terrorism affecting the UK or its interests;
- hostile attacks upon UK cyber space;
- a major accident or natural hazard; and
- an international military crisis between states, drawing in the UK and its allies as well as other states and non-state actors.

The UK Government's 2010 Strategic Defence and Security Review<sup>32</sup> sets out how the UK will manage and mitigate these risks and identifies seven Military Tasks for the UK Armed Forces:

- defending the UK and its Overseas Territories;
- providing strategic intelligence;
- providing nuclear deterrence;
- supporting civil emergency organisations in times of crisis;
- defending UK interests by projecting power strategically and through expeditionary interventions;
- providing a defence contribution to UK influence; and
- providing security for stabilisation.

The decisions taken in the 2010 Strategic Defence and Security Review, and subsequently, have successfully balanced the defence budget and put the management of defence onto a stable and sustainable footing, whilst ensuring that the UK maintains the capabilities necessary to deploy armed force to protect UK territory, its citizens and its interests at home and abroad from the full range of potential threats, as well as making vital contributions to conflict prevention and resolution and humanitarian operations overseas.

## What is the choice for Scotland's defence in the event of independence?

In the event of a vote in favour of leaving the UK, in the eyes of the world and in law, Scotland would become an entirely new state.<sup>33</sup> If Scotland were to become independent, therefore, it would permanently leave the UK and its existing arrangements, and would need to establish its own defence arrangements as part of forming a new state. The government of an independent Scottish state would become responsible for ensuring the protection and security of people in Scotland from the threats they would continue to face and for protecting

<sup>31</sup> *A Strong Britain in an Age of Uncertainty: The National Security Strategy (Cm 7953)*, HM Government, October 2010.

<sup>32</sup> *Securing Britain in an Age of Uncertainty: The Strategic Defence and Security Review (Cm 7948)*, HM Government, October 2010.

<sup>33</sup> *Scotland analysis: Devolution and the implications of Scottish independence (Cm 8554)*, HM Government, February 2013.

and promoting Scottish interests around the world. It would therefore have to make important choices and judgements about its foreign, security and defence policies in an increasingly complex global security landscape.

An important question facing people in Scotland in the referendum is whether Scotland, its people and its overseas interests would be more or less well protected if Scotland were to become a separate state. The UK Government's view is clear: Scotland will be safer and more secure, as will the UK as a whole, if Scotland remains part of the UK; separation of UK and Scottish defence would be to the detriment of both.

The Scottish Government has so far not provided detailed proposals for defence and security arrangements in an independent Scottish state, although it has undertaken to produce a White Paper which will provide substantially more information than is currently available.<sup>34</sup> In assuming full responsibility for its own defence and security, an independent Scottish state would have to determine:

- what threats, risks and opportunities it would face at home and abroad;
- what role it would look to play in the world;
- what size and shape of armed forces it would require, and how they would be raised, equipped, trained and maintained;
- the level of financial resources that would be allocated to defence;
- how, and under what circumstances, it would deploy military resources;
- what international alliances it would seek to join, and what relationships it would foster; and
- what defence industrial capabilities it would sustain.

What is clear is that isolation and protectionism would not be a realistic option. With a similarly diverse and globalised population and economy, and with a shared history and culture, an independent Scottish state would continue to face many of the same security threats as the continuing UK and other countries, and would continue to be dependent for its prosperity and security on international stability and the upholding of international norms and the rule of law. The Henry Jackson Society think-tank found that: "an independent Scotland would likely be confronted with many of the same threats as face the UK now, such as cyber crime; instability overseas; disruption to oil and gas supplies; and international terrorism. It should not be assumed that disassociation from UK foreign policy would automatically lower the threat towards Scotland from hostile actors."<sup>35</sup>

At home, an independent Scottish state would need to ensure the safety of its airspace and maritime security around its large coastline and geographically remote islands, while protecting its people and its economy from the threats of international terrorism and cyber attack, amongst others. Given its location, there might be a particular emphasis upon the environmental changes brought about by global warming in the Arctic or High North, which will see increased seasonal access in the coming decades for tourism, fishing and mineral extraction by regional and non-regional players alike. And further afield, the SNP defence policy includes a commitment to "supporting multilateral solutions to regional and global challenges", to "provide deployable capabilities for United Nations sanctioned missions and

<sup>34</sup> *Defence Minutes of Evidence HC 198*: Transcript of oral evidence taken before the House of Commons Defence Committee from Keith Brown MSP on 2 July 2013.

<sup>35</sup> *In Scotland's Defence? An Assessment of SNP Defence Strategy by George Grant*, Henry Jackson Society, July 2013.

support of humanitarian, peacekeeping and peace-making ‘Petersberg Tasks’”, as well as an aspiration to be a member of the North Atlantic Treaty Organisation (NATO) or NATO’s Partnership for Peace programme, and the European Union (EU) Common Security and Defence Policy.<sup>36</sup>

Whatever choices it were to make, however, in facing up to the threats, opportunities and challenges of a fast-changing world, an independent Scottish state would certainly lose the benefits of scale, capability and influence that come from being an integral part of the UK. An independent Scottish state could no doubt in time develop its own defence forces to provide a level of protection for Scotland and its people. However, as a much smaller state it would have significantly less military capability and credibility than it has now as part of the UK, and hence less influence at the international level on issues of relevance to its security and economic interests.

## Analysis of defence arrangements and potential consequences of independence

The UK Government is ensuring that the debate about independence is properly informed by analysis, and that the facts that are crucial to considering Scotland’s future are set out. This paper analyses the UK’s approach to defence and the potential consequences of Scottish independence. It complements analysis of other aspects of national security, such as the security and intelligence agencies, countering terrorism and combating organised crime and providing protective and cyber security, which will be explored in a further Scotland analysis paper.

**Chapter 1** analyses how the UK, including Scotland, benefits from the organisation and management of defence on a UK-wide basis. It examines the integrated defence capabilities and activities enabled through the UK’s sizeable resources and economies of scale; and the part played by Scotland in all aspects of UK defence. It also looks at defence arrangements in European states with populations of similar size to Scotland, as well as a range of proposals and options for defence in an independent Scottish state, and the possible consequences of these.

**Chapter 2** analyses the UK’s international defence alliances and relationships and how the UK, including Scotland, benefits from these in terms of greater security and influence in the world. It also looks at the possible consequences of separation for an independent Scottish state, which as a new state would have to apply to join alliances in its own right and establish its own international relationships.

**Chapter 3** analyses the economic benefits for the UK’s defence industry, including the defence industry in Scotland, provided by a single, UK-wide, domestic defence market and exports. It also considers the possible consequences for industry in Scotland if it were no longer part of the UK.

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<sup>36</sup> *Foreign, Security and Defence Policy Update*, Scottish National Party, October 2012.



# Chapter 1

## Security and protection through integrated defence

As part of the UK, Scotland benefits from the full range of UK defence capabilities and activities. These defend UK airspace, patrol the surrounding seas and help to protect everyone in the UK against both natural and man-made threats. They also help shape a more stable world, making vital contributions to conflict prevention and resolution and humanitarian operations overseas.

Scotland also benefits from every pound spent on UK defence. The UK defence budget, which is set to continue at £33 billion to £34 billion over this and the next two years, is one of the largest in the world. This enables the UK to maintain world-class armed forces and equipment, as well as the supporting structures and services which are required to make them effective.

As it has for more than 300 years, Scotland plays an integral part in all aspects of the UK's defence. By 2020 Scotland will be home to one of three Royal Navy main bases, including all its submarines, one of the British Army's seven Adaptable Force Brigades and one of three Royal Air Force fast jet main operating bases. Although the overall number of Regular Armed Forces across the UK is decreasing, by 2020 the number in Scotland is set to increase to 12,500 (8.8 per cent of the UK total). And, as a part of the UK Government's plans to increase the size of the Reserve Forces, by 2018 there will be an estimated 4,250 trained Volunteer Reserves in Scotland (about 12 per cent of the UK total).

In the event of a vote for independence, the government of an independent Scottish state would become responsible for establishing and maintaining its own defence capabilities and armed forces, as well as the necessary command, management, enabling and supporting structures and services. Many of these would have to be developed from scratch, which would take substantial time and up-front investment.

An independent Scottish state could not simply co-opt existing units, which are an integral part of the UK Armed Forces. Individual members of the UK Armed Forces could not simply be moved into the forces of a separate Scottish state. Personnel might not wish to leave the UK Armed Forces to join much smaller forces, not least because of strong bonds of loyalty.

An independent Scottish state could not come close to replicating the level of defence and security that comes from its place within the UK. And although, with sufficient time and money, it could provide a level of defence and security for its people, this would be much less in both scale and sophistication than the status quo.

## Integrated defence of the UK

- 1.1 UK defence is planned, organised, resourced and managed on a UK-wide basis. This ensures high and equal levels of protection and security for England, Scotland, Wales and Northern Ireland, as well as the Overseas Territories and UK citizens abroad. The UK's defence resources and capabilities are not owned by, nor exclusively benefit, the constituent parts of the UK where they happen to be located. Scotland, like any other part of the UK, benefits from the full range of UK defence capabilities and activities, whether they are deployed or undertaken at home or abroad, and from every pound spent on UK defence.
- 1.2 Integration is the central tenet of the UK's approach to defence and security. The National Security Council, which brings together all the senior UK Government Ministers concerned under the chairmanship of the Prime Minister, integrates the work of the foreign, defence, home, energy and international development departments and all other arms of the UK Government that contribute to national security. This ensures a strategic and tightly coordinated approach to defining and managing the risks and opportunities that the UK faces. The National Security Council is responsible for the UK's National Security Strategy<sup>37</sup> and Strategic Defence and Security Review<sup>38</sup>, which are renewed every five years. It also reviews every two years the National Security Risk Assessment, which examines potential threats to the UK's national security and ranks them in order of priority, thereby helping to guide the allocation of resources and acquisition of capabilities.
- 1.3 For the UK Armed Forces, integration means bringing together sea, land, air, cyber and space-based capabilities under a single chain of command, and organising personnel on a UK-wide basis for the benefit of the whole country. But armed forces represent just one of the tools available to the UK Government to promote and defend its interests. By working closely with other arms of the UK Government, including diplomats and intelligence staff, and with allies and partners around the world, the UK is able to achieve an effect which is greater than the sum of its constituent parts, exploiting all the instruments of national power to strengthen domestic resilience, build prosperity, extend the UK's influence overseas and shape a stable global environment.

<sup>37</sup> *A Strong Britain in an Age of Uncertainty: The National Security Strategy (Cm 7953)*, HM Government, October 2010.

<sup>38</sup> *Securing Britain in an Age of Uncertainty: The Strategic Defence and Security Review (Cm 7948)*, HM Government, October 2010.



## Protecting the UK at home

- 1.4 The core role of the UK Armed Forces is the defence and protection of the UK and its Overseas Territories, and UK interests around the world. Were a major direct threat to the UK to emerge, UK forces would focus on their core role of defending the homeland. Although the conventional military threat to the UK is currently assessed to be low, the UK Armed Forces still undertake regular activities to protect the UK and its citizens at home.

## Protecting UK airspace

- 1.5 The Royal Air Force undertakes operations to control the UK's airspace and ensure air defence of the UK. While direct threats are rare, this cannot be taken for granted in a global environment where other nations have highly capable air forces, and increasingly sophisticated missiles are freely available and widely exported, often to unstable and potentially problematic states, or non-state actors.
- 1.6 The Royal Air Force manages security for the entirety of the UK's airspace from the Control and Reporting Centre at RAF Boulmer in Northumberland, which forms part of the Air Surveillance and Control System. As part of a UK-wide response, the Control and Reporting Centre integrates information from long-range military and civilian air traffic control radars across the UK (including sites in Scotland), with intelligence and tactical data from airborne or naval surveillance assets from NATO or UK sources to provide comprehensive situational awareness. This is used to determine when high-readiness Quick Reaction Alert Typhoon fighters are launched in response to an incident from RAF Leuchars in Fife (in future RAF Lossiemouth in Moray) or RAF Coningsby in Lincolnshire. This integrated system provides coverage across the whole of the UK, enabling a timely response against fast-moving potential threats from any direction. In such circumstances time is of the essence and the absence of any requirement for cross-border co-operation within the UK increases the odds of successful interception. The existing, seamless UK-wide command and control operation provides the highest standards of protection for all UK citizens.
- 1.7 The Royal Air Force discharges both NATO and national air defence tasks. It benefits from being part of the NATO integrated air and missile defence system, in which members cooperate on a 24-hour, 7 days a week basis to achieve the best possible collective situational awareness, and work together in commanding and controlling the response to threats to NATO airspace. This includes: providing navigational assistance to military and civil aircraft; intercepting, interrogating and identifying unknown aircraft; and dissuading potential adversaries by demonstrating readiness and resolve.

### Protecting the northern air space

Over recent years, the greatest potential threat to UK airspace has come from north of Scotland, from Russian military aircraft. Typhoon fighter squadrons based at RAF Leuchars (in future to be based at RAF Lossiemouth) play a key role in countering this potential threat with crews on standby to launch 24 hours a day. Military radars at Benbecula in the Outer Hebrides and Buchan in Aberdeenshire provide vital long-range coverage of the northern approaches to the UK and neighbouring NATO nations. Similarly, radio equipment at Benbecula and Buchan enables the Control and Reporting Centre at Boulmer in Northumberland to control Quick Reaction Alert fighters at extended ranges in order to prosecute threats or deal with incidents at the earliest opportunity, and long before they reach the UK. The radio equipment is also interoperable with NATO air defence assets should they be required to support activities in UK airspace as part of a NATO response.

### Protecting UK seas

- 1.8 The Royal Navy defends UK territorial waters against all maritime threats on or below the seas and maintains a constant presence around the UK, with a destroyer or frigate always ready to intercept potential threats. This includes carrying out fishery patrols to police the UK's Extended Fisheries Zone from infringements, and protecting some 300 offshore oil and gas platforms, offshore wind farms, and maritime leisure industries. Royal Navy divers and mine-hunters conduct regular surveys of harbours and approaches so they could quickly respond to any threat. They are equally equipped to deal with mines from the two World Wars or improvised explosive devices.

### National Maritime Information Centre

The National Maritime Information Centre in Northwood, Middlesex ensures that information about activity in the maritime environment is disseminated, analysed and acted upon in a coordinated manner across the UK. The Centre brings together UK Government departments, including the Ministry of Defence, and other organisations and agencies responsible for maritime safety, security and environment in one place. It works to develop a single picture of maritime activity similar to that used by air traffic controllers. This allows threats and risks such as terrorism, drug-smuggling or people-trafficking to be recognised and countered as early as possible by operational elements located across the UK, including Royal Navy surface ships, submarines and Royal Marines.

### Helping to protect against natural and man-made threats

- 1.9 UK Armed Forces provide assistance in circumstances when the civil authorities do not have sufficient capability or capacity to deal with an incident or emergency. This includes a permanent bomb disposal capability working alongside police forces throughout the UK. UK Armed Forces also provide specialist or general capabilities when necessary to maintain critical services or supplies, for example in the event of industrial action or severe weather.

### Snow relief in Scotland in 2010

During the severe winter storms in December 2010, UK Armed Forces personnel from Edinburgh's Dreghorn Barracks, RAF Leuchars and HMS Illustrious in Rosyth, assisted civil authorities by clearing the streets of snow and ice. Military personnel cleared access routes to hospitals and residential homes and helped people to get to emergency medical appointments throughout the city. British Army Reserve soldiers from 32 Signal Regiment and 6 SCOTS also provided support to the Scottish Ambulance Service in transporting NHS paramedics to call-outs in Edinburgh and Glasgow.

- 1.10 The UK Armed Forces also provide a range of capabilities to civil authorities for large-scale events, such as the 2012 Olympic Games when about 18,000 personnel performed a wide range of safety and security tasks in support of the police and games organisers including: critical safety and security support at venues, maritime assets to provide security on the River Thames and at Weymouth and significant air assets including RAF Typhoon aircraft and helicopters to police the air security plan. The Commonwealth Games in Glasgow in 2014 will similarly be able, if required, to draw upon support to ensure the safety and security of the Games.
- 1.11 The Ministry of Defence makes an important contribution to the UK's counter-terrorism strategy and activities. The UK Armed Forces support efforts to prevent terrorist attacks against UK interests at home or abroad through their capability to disrupt terrorist groups overseas, as well as through intelligence collection, building the counter-terrorism capacity of other nations, and support to overseas law enforcement and security agencies. The Ministry of Defence has also supported the efforts of civil authorities to respond effectively to terrorist incidents in the UK and retains specialist units which can deal with situations beyond police capability and capacity. This includes incidents such as a 'Mumbai-style' marauding terrorist firearms attack. The police must act quickly – if necessary with military assistance – and the Ministry of Defence has helped to develop a specialist joint response to a firearms attack, involving police, fire and ambulance services. The UK's approach to countering terrorism will be explored comprehensively in a further Scotland analysis paper.

### Regional security

- 1.12 As a European nation, and a leading member of both NATO and the EU, the UK engages in numerous bilateral and multilateral initiatives that provide regional security. Examples include participation in NATO initiatives on: joint intelligence, surveillance and reconnaissance; ballistic missile defence; and airborne early warning. The UK is also engaged in work across the full range of EU Common Security and Defence Policy capabilities, covering research and technology, armaments, and industry and markets, with key projects including: helicopter training; maritime surveillance networking; European satellite communications procurement; air-to-air refuelling; single European skies air traffic management; and cyber defence.
- 1.13 The UK Government also takes a close interest in developments in the Arctic or High North and engages extensively in northern Europe (see Chapter 2).

### Defence operations abroad

- 1.14 While currently there is no existential threat to the UK, the UK Government can use the UK Armed Forces to help shape a more stable world, which both supports broader

national interests, including economic interests, and makes the emergence of an existential threat less likely. Recent events have demonstrated that there are real global uncertainties, including civil unrest, international terrorism and piracy. The UK has the resources and military capabilities to deal with multiple threats and support a range of national interests concurrently. The scale and quality of the UK's capabilities mean that it is able to make a real difference, which smaller states find more difficult to achieve.

- 1.15 The UK Government's 2010 National Security Strategy emphasised the importance of identifying early both risks and opportunities, tackling at root the causes of instability, and of working with others helping to resolve conflicts and contribute to stability.<sup>39</sup> The UK Armed Forces regularly work with partners from the Foreign and Commonwealth Office and the Department for International Development, with allies and partner nations, and with non-governmental organisations and others to prevent conflict in unstable countries. An example has been the deployment of a military team to help the Somali Government to develop effective and legitimate national security forces that can protect people and preserve public order, secure Somalia's coastline and tackle the problem of piracy off the Horn of Africa.
- 1.16 Since 2010, the UK Government's Conflict Pool funding has made a vital contribution to conflict prevention and resolution overseas, including supporting political reconciliation in Somalia, providing police training in Libya, and helping reform the security sector in Mali. The UK Government intends to build on the successes of the Conflict Pool by pooling new and existing resources from across Government into a new Conflict, Stability and Security Fund of more than £1 billion in 2015/16 under the strategic direction of the National Security Council. This will fund a broader range of activities to help prevent conflict and tackle threats to UK interests that arise from instability overseas, with priorities set by the National Security Council, drawing on the most effective combination of defence, diplomacy, development assistance, security and intelligence.<sup>40</sup>
- 1.17 UK Armed Forces contribute to a number of stabilisation operations and initiatives in fragile and conflict-afflicted states across the world. These activities range from the engagement of individual defence attachés, through small deployments of UK military training teams, to military campaigns such as in Helmand, Afghanistan. Stabilisation involves the application of a cross-government, integrated approach to apply a combination of diplomatic, military and developmental activities in support of stabilisation objectives to: prevent or reduce violence; protect the population; promote political processes; and prepare for transition. The UK's stabilisation efforts centre on the UK Government Stabilisation Unit, which brings together an array of essential expertise.

<sup>39</sup> *A Strong Britain in an Age of Uncertainty: The National Security Strategy (Cm 7953)*, HM Government, October 2010.

<sup>40</sup> *Spending Round 2013 (Cm 8639)*, HM Treasury, June 2013.

<sup>41</sup> *Building Stability Overseas Strategy*, Department for International Development, Foreign and Commonwealth Office and Ministry of Defence, July 2011.

## Stabilisation Unit

The Stabilisation Unit's purpose is to help the UK Government to respond to crises and tackle the causes of instability overseas.

The Unit is a uniquely integrated civil-military operational unit, designed to be agile, responsive and well equipped to operate in high threat environments. It combines staff expertise with the ability to draw on a larger pool of civilian expertise for specialised, longer term or larger scale tasks. It ensures that lessons from practical experience are captured and used to improve future delivery.

The Unit has an operational role across the three pillars of the UK Government's Building Stability Overseas Strategy: early warning; rapid crisis prevention and response; and investing in upstream prevention<sup>41</sup>. It is recognised domestically and internationally to be the UK Government's:

- champion for the integrated civil-military approach;
  - integrated centre of expertise and best practice in stabilisation and conflict;
  - integrated centre of expertise and best practice in security and justice, and focal point for non-operational international policing assistance;
  - focal point for rapid deployment of civilian capacity in response to crises; and
  - primary mechanism for bilateral deployment of civilians to deliver the Building Stability Overseas Strategy for UK deployments to multilateral missions.
- Some examples of UK Armed Forces support to post-conflict and development scenarios
- Under the Dayton Peace Accords of 1995, UK Armed Forces formed part of the post-conflict Implementation Force (IFOR) mission and subsequently the Stabilisation Force (SFOR), the latter being provided with an ambitious and broad mandate, ranging from the traditional conflict prevention to the modern roles of institution building and reconstruction tasks. Later in 2002 the UK role continued in the form of some 3,000 personnel to the Kosovo multilateral Peacekeeping Mission (KFOR). Peacekeeping in Macedonia also saw high levels of UK involvement, in the period of instability (2001) that almost broke out into full-scale war between the government and ethnic Albanian guerrillas.
  - The International Military Training and Advisory Team Sierra Leone (IMATT) provided training, support and advice to the Republic of Sierra Leone Armed Forces (RSLAF) for the last 13 years. The RSLAF has reorganised itself into a professional and capable military force that focuses on external threats and peacekeeping operations in Africa, and is widely respected within Sierra Leone. The IMATT has now been transformed into the International Security Advisory Team (ISAT), which is engaging in broader security reform in Sierra Leone, including the police, the office of national security and prisons, amongst other bodies.
  - The post-1991 Gulf War mission (Operation SAFE HAVEN) to protect the Kurds in northern Iraq was mixture of humanitarian relief and localised provision of security. The presence of UK Armed Forces deterred repressive activities by Saddam Hussein's security apparatus, enabled the return of Kurdish refugees to their homes and facilitated the distribution of humanitarian aid to internally displaced people.

- 1.18 One of the most important activities undertaken by the UK's Armed Forces in recent years has been Operation HERRICK, the UK contribution to the International Security Assistance Force (ISAF) mission in Afghanistan. Taliban-run Afghanistan provided a safe haven from which Al Qaeda planned, trained for and directed major terrorist attacks across the world, including the atrocities of 11 September 2001 in the US in which some 3,000 people were killed – 67 of them British. Since 2001, UK Armed Forces have worked alongside troops from some 50 countries as part of a UN-mandated, NATO-led mission to make Afghanistan more secure and stable. At its height the UK provided some 9,500 conventional forces, including British Army, Royal Navy and Royal Air Force personnel as part of an integrated force including RAF Tornado close air support, Warrior and Mastiff armoured vehicles, and Lynx, Merlin and Chinook helicopters providing tactical mobility, as well as strategic (C-17 aircraft) and tactical (C-130 aircraft) air lift, and intelligence, surveillance, target acquisition and reconnaissance assets.
- 1.19 While still engaged in operations in Afghanistan, the UK Armed Forces are sufficiently large and capable that in 2011 the UK could commit at very short notice 36 aircraft, eight warships, a submarine and 2,300 military personnel to Operation ELLAMY as part of the NATO operation to protect civilians in Libya from the aggression of Colonel Qadhafi's regime.<sup>42</sup> RAF Typhoons patrolled the UN-authorized no-fly zone, and RAF Tornados attacked military infrastructure and undertook armed reconnaissance flights to protect the population. In total, UK aircraft flew more than 3,000 sorties. Logistics support was provided by RAF transport and refuelling aircraft, a Royal Navy Trafalgar Class submarine stood by with Tomahawk missiles and HMS Westminster and HMS Cumberland provided sophisticated surveillance capabilities. These deployments enabled the UK to intervene, alongside NATO Allies and partners from the Arab League, to avert a potential massacre of Libyan civilians.
- 1.20 The Royal Navy and Royal Fleet Auxiliary also continued with operations in the Gulf region where they have been on patrol since the Iran / Iraq conflict in the 1980s. There is typically at least one Royal Navy frigate or destroyer on maritime security patrol, supported by a Royal Fleet Auxiliary tanker, plus a four-strong squadron of Royal Navy mine-hunters with a Royal Fleet Auxiliary support ship at notice in the operational area. Having warships present in this region is one of the main tools the UK employs to demonstrate its commitment to enduring peace and security in this important, but turbulent part of the world. Royal Navy actions in the Gulf, along with support to coalition counter-piracy operations, have helped defend UK economic interests by protecting shipping lanes, including through the vital choke points of the Strait of Hormuz and approaches to the Suez Canal, and guarding oil fields that are crucial to the UK's prosperity.

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<sup>42</sup> *Annual Report and Accounts 2011-2012, Ministry of Defence, 6 December 2012.*



### Defending global economic interests: UK counter-piracy off the Horn of Africa

According to a House of Commons Foreign Affairs Committee report, 90 per cent of the world's traded materials moves by sea, and 40 per cent of this – around 28,000 ships annually – passes through the Indian Ocean, Gulf of Aden and Arabian Sea. Globally, when the cost of insurance premiums, prosecutions, deterrent and security equipment and the macroeconomic impact on regional states is taken into account, the annual cost of piracy has been estimated at between \$7 billion and \$12 billion<sup>43</sup>.

The UK currently contributes to both EU (Operation ATALANTA) and NATO (Operation OCEAN SHIELD) counter-piracy operations off the Horn of Africa. Working alongside EU, NATO and other partners, it has succeeded in attacking and destroying pirate logistics camps on land and reducing the number of pirate attacks at sea. Attacks fell from 176 in 2011 to 36 in 2012, and only five ships were captured in 2012, down from 25 in 2011. Both operations are run from Northwood in the UK, which ensures integration of resources, strong UK influence over the operations and use of UK maritime expertise.

- 1.21 The UK's reliance on global trade means that it has a vested interest in supporting international organisations to maintain good order at sea by delivering maritime security, preserving the free, safe and lawful use of the high seas.
- 1.22 Around 95 per cent by volume of the UK's international trade is transported by sea. About 500 million tonnes of freight pass through some 120 commercially active ports, mostly through 52 major ports, around the UK every year including raw materials, energy supplies, goods and food. In 2012, there were 17 major and 11 minor active Scottish ports; Scotland handled 15 per cent of the total tonnage of freight traffic through UK ports at 76 million tonnes; and Forth and Clyde were among the top ten busiest ports in the UK.<sup>44</sup>
- 1.23 According to a report by Oxford Economics, in 2011 the UK maritime services sector (including ports, shipping and maritime business services industries):
  - directly created 262,700 jobs (including 165,400 in the UK), contributed £13.8 billion to UK Gross Domestic Product (GDP) and generated £2.7 billion in tax receipts; and
  - in total, including indirect and induced effects, supported 634,900 jobs (including 537,500 in the UK), contributed £31.7 billion to UK GDP and generated £8.5 billion for the UK Exchequer.<sup>45</sup>
- 1.24 UK Armed Forces also make vital contributions to humanitarian operations around the world, such as those in the table below.

<sup>43</sup> *Piracy off the coast of Somalia*, House of Commons Foreign Affairs Committee Tenth Report of Session 2010-2012 (HC1318), 5 January 2012.

<sup>44</sup> *UK Port Freight Statistics: 2011 final figures*, Department for Transport, September 2012; *Port Freight Statistics: Provisional Annual 2012*, Department for Transport, June 2013; *Port Freight Statistics: 2012 Final Figures*, Department for Transport, September 2013.

<sup>45</sup> *The economic impact of the UK Maritime Services Sector*, Oxford Economics, December 2012.

## Some examples of UK Armed Forces support to humanitarian operations

Event	Year	Support
Indonesia / Sri Lanka post-tsunami relief operations	2004	Navy: HMS Chatham; Royal Fleet Auxiliary Diligence; Royal Marines Boat Squadron (six rigid raiders and personnel); HMS Scott.  Army: five four-man military operations teams; two logistics officers.  RAF: C-17; Tristar; five C-130s; mobile air movement squadron team.  Joint: two operations liaison and reconnaissance teams; joint forces headquarters liaison party.
Pakistan earthquake	2005	Helicopters (3 Chinook); 86 engineers; and airlift capability (C-130 & C-17)
Lebanon	2006	Airlift capability: C-17 relief sortie from RAF Akrotiri carrying freight
Bangladesh cyclone	2007	Supply of light boats
Cyclone Nargis	2008	HMS Manchester support to Burma
Padang earthquake	2009	Airlift capability: C-17 sortie of civilian rescue equipment and personnel
Haiti earthquake	2010	Royal Fleet Auxiliary (RFA) Largs Bay and Operational Liaison and Reconnaissance Team (deployed by C-130)
Chile earthquake	2010	Airlift capability: C-17 sortie to supply tents and other supplies
Pakistan floods	2010	Temporary bridging and airlift capability: C17 sorties of freight and passengers
St. Lucia hurricane	2010	Support from HMS Manchester deployed in the region for the Atlantic Patrol Task (North) task, with a party of 35 deployed by helicopter to support operations
Jamaica hurricane	2012	Delivery of DfID shelter kits to repair 70 schools by RFA Argus, deployed in the region as part of the APT(N) task
Caribbean	Ongoing	Storage of relief goods on APT(N) ships

## Scotland's contributions to UK defence

1.25 The UK Armed Forces have both shaped, and been shaped by, the United Kingdom. For hundreds of years, English, Scottish, Welsh and Irish soldiers, sailors and airmen have fought shoulder-to-shoulder in all parts of the globe. Through their long, shared history, the UK Armed Forces have become emblematic of the spirit of the UK in all its diversity – a country which can take pride in the history and traditions of the Scottish regiments whilst knowing that, when required, they will blend seamlessly into an integrated and formidable fighting force in defence of the UK and its interests. As it has done for over 300 years, Scotland continues to play an integral part in all aspects of the UK's defence.

### Defence presence in Scotland

1.26 Scotland is home to major bases for critical military capabilities and other essential facilities, including for military training and testing.

1.27 As at 1 July 2013, there were over 11,100 Regular Armed Forces (7.5 per cent of the UK total) and 4,000 Ministry of Defence civilian personnel (7.6 per cent of the UK total)<sup>46</sup>, from across the UK and beyond, at around 50 Ministry of Defence sites throughout Scotland, as well as an estimated 2,200 trained Volunteer Reserves (10.3 per cent of the UK total).<sup>47</sup>

<sup>46</sup> *Quarterly Location Statistics 1 July 2013*, Ministry of Defence, 22 August 2013.

<sup>47</sup> Volunteer Reserves figures are estimates of trained strength only.



## Major bases in Scotland

### Royal Navy and Royal Marines

- Her Majesty's Naval Base Clyde, which includes the port at Faslane and the Royal Navy Armaments Depot at Coulport, is home to the UK's strategic nuclear deterrent and, on current UK Government plans, by later in the decade will be home to all the Royal Navy's submarines, including its fleet of attack submarines, and the UK's submarine centre of excellence. Mine counter-measures vessels and patrol boats are also based there. It is home to the Royal Navy's Flag Officer Scotland, Northern England and Northern Ireland / Flag Officer Reserves, Flag Officer Sea Training Director (North), 43 Commando Fleet Protection Group Royal Marines, First Mine Countermeasures Squadron and the Northern Diving Group.
- 45 Commando Royal Marines is based at RM Condor, Arbroath.

### British Army

- The British Army currently has four infantry battalions based in Scotland: The Royal Scots Borderers, 1st Battalion The Royal Regiment of Scotland (1 SCOTS) at Dregghorn Barracks and 3rd Battalion The Rifles (3 RIFLES) at Redford Barracks, Edinburgh; The Royal Highland Fusiliers, 2nd Battalion The Royal Regiment of Scotland (2 SCOTS) at Glencorse Barracks, Penicuik; and The Black Watch, 3rd Battalion The Royal Regiment of Scotland (3 SCOTS) at Fort George, Inverness. 39 Engineer Regiment is based at Kinloss.
- On current UK Government plans for future British Army basing: The Royal Scots Dragoon Guards (Carabiniers and Greys) and 2 Close Support Battalion Royal Electrical and Mechanical Engineers will move from Germany to Leuchars; 2 SCOTS and 3 RIFLES will remain in Edinburgh, where they will be joined by Balaklava Company, 5th Battalion The Royal Regiment of Scotland (Argyll and Sutherland Highlanders); 3 SCOTS will remain at Fort George and 39 Engineer Regiment at Kinloss.
- Current UK Government plans for future Reserves mean that by 2018 Scotland will also be home to 46 British Army Reserve Centres (15 per cent of the UK total).

### Royal Air Force

- The Royal Air Force currently has two main operating bases in Scotland: RAF Leuchars which is home to two squadrons of Typhoon fast jet aircraft, including the Quick Reaction Alert (North) capability; and RAF Lossiemouth, which is home to three squadrons of Tornado fast jet aircraft.
- In future, RAF Lossiemouth will be home to three Typhoon squadrons, including the Quick Reaction Alert (North) capability; Leuchars will become a major British Army base.

1.28 On current UK Government plans, by 2020 Scotland will be home to one of three Royal Navy main bases, including all its submarines, one of the British Army's seven Adaptable Force Brigades and one of three Royal Air Force fast jet main operating bases. Although defence reforms mean that the overall number of Regular Armed Forces personnel across the UK is decreasing, by 2020 the number in Scotland is set to increase to 12,500 (8.8 per cent of the UK total). And, as a part of the UK Government's plans to

increase the size of the Reserve Forces, by 2018 there will be an estimated 4,250 trained Volunteer Reserves in Scotland (about 12 per cent of the UK total).

- 1.29 Apart from the main bases in Scotland, there are also training areas for infantry and armoured vehicles, air weapon and air defence trials and training, test ranges for missiles and ordnance and other specialised training environments. Other defence sites include: the Army Personnel Centre in Glasgow; the Defence Support Group at Stirling; and specialised research and development centres, such as the underwater test and evaluation centre at Inner Sound to the east of the Isle of Skye, and a seismic monitoring station at Eskdalemuir.
- 1.30 This defence presence generates economic benefits for communities throughout Scotland, through jobs, contracts, and requirements for supporting services. Bases make significant contributions to local and regional economies, particularly in some of the more remote areas, in terms of income and employment and at a socio-economic level, for example on the viability of local primary schools. For example:
- Her Majesty's Naval Base Clyde, in Argyll & Bute, is the biggest employment site in Scotland, with 6,700 military and civilian jobs, increasing to 8,200 by 2022;
  - there are also very large numbers of personnel in Angus, City of Edinburgh, Fife, Glasgow City, Highland, Midlothian and Moray;<sup>48</sup>
  - the Ministry of Defence spends some £140 million per year on maintaining the defence estate in Scotland; and
  - planned investments over the coming years include an additional £100 million for British Army basing, £85 million for development of RAF Lossiemouth and hundreds of millions of pounds at Her Majesty's Naval Base Clyde.
- 1.31 The Scottish Government has previously recognised the economic impact of military sites in Scotland, such as those at Leuchars, Kinloss, Lossiemouth, Fort George, Royal Marines Condor near Arbroath, the Hebrides Range and Her Majesty's Naval Base Clyde, many of which are located in remote areas, which may be heavily reliant on the public sector; as well as the social impacts of Service personnel in local communities, including on local health care provision, education and fostering services.<sup>49</sup>

### UK Armed Forces in the community

- 1.32 The UK Armed Forces, both Regular and Reserve, provide a valuable and valued contribution to local communities in Scotland across a whole range of activities including a range of youth outreach work. This includes leading the Youth Advantage Outreach Camp at Castlelaw Farm in Edinburgh. The British Army runs courses aimed at young people aged 14 to 18 years who are minor offenders or on the periphery of offending, aimed at boosting young people's skills and steering them away from trouble.
- 1.33 The UK Armed Forces also support Cadet Forces (one of the leading youth movements in the UK) and University Support Units in Scotland, which provide valuable life skills and opportunities to thousands of young people. This is part of a UK-wide defence funded and managed structure. The Ministry of Defence provides the funding, uniforms, equipment, infrastructure, training, and governance to make this an attractive and worthwhile programme. There are an estimated 11,500 Cadets in Scotland (8.5 per cent of the UK total).

<sup>48</sup> *Quarterly Location Statistics 1 July 2013*, Ministry of Defence, 22 August 2013.

<sup>49</sup> *The UK Basing Review Submission from The Scottish Government*, Scottish Government, 16 June 2011.

- 1.34 In turn, UK Armed Forces located in Scotland receive welcome support from local communities.

### 3rd Battalion The Rifles – Freedom of the City of Edinburgh

Communities in Scotland demonstrate great support to the UK Armed Forces and recognise the essential contribution that they make, regardless of where they come from in the UK. This was emphasised in November 2012 when 3rd Battalion The Rifles, a battalion that predominantly recruits from the north of England but is based at Redford Barracks in Edinburgh, was awarded the Freedom of the City of Edinburgh having returned from six months active service in Helmand Province, Afghanistan. In awarding the honour, the Lord Provost noted the city's steadfast support for the brave men and women who put their lives at risk in the service of the country. The battalion's Commanding Officer noted the support provided by the local community in Colinton and Edinburgh, and spoke of the battalion's huge pride at being associated with the city which it views as its home.

### The Armed Forces Covenant

- 1.35 The complementary efforts of the UK and Scottish Governments to uphold the Armed Forces Covenant provide a positive example of how under current devolved arrangements the two Governments are working together to achieve common interests.
- 1.36 The UK Government published the Armed Forces Covenant in 2011 setting out the criteria for the kind of service provision it wants to see given to members of the Armed Forces Community (defined as serving Armed Forces personnel, including reservists; veterans; and their families) wherever they are based in the UK.<sup>50</sup> The Covenant's key principles were enshrined in the Armed Forces Act 2011: that it is desirable to remove disadvantage arising from membership of the Armed Forces; and that special provision may be justified in some circumstances. The legislation requires the Secretary of State for Defence to report to the UK Parliament each year on the Covenant and, in doing so, to seek the views of the Northern Ireland Executive, Scottish Government and Welsh Assembly Government. The Scottish Government published a paper in September 2012 setting out its support for the Armed Forces Community in Scotland.<sup>51</sup> It also made a significant contribution to the first statutory report on the Armed Forces Covenant, which was published in December 2012.<sup>52</sup>
- 1.37 The Armed Forces Covenant is delivering real benefits for the Armed Forces Community across the UK, ranging from the granting of over £11 million from LIBOR fines in support of charitable and not-for-profit projects that benefit the Service community across the UK, to ensuring that former Service personnel in receipt of a War Pension or other guaranteed income payments through the Armed Forces Compensation Scheme have these payments fully disregarded in the roll-out of Universal Credit. The UK Government has ensured that Service personnel earning £21,000 or less received a pay award of £250, and has doubled the operational allowance for those on deployment in Iraq, Afghanistan and naval operations in the Gulf. It has also worked with Royal Mail to develop new shadow postcodes for BFPO addresses to negate the disadvantages some Service personnel face in accessing on-line goods and services; and launched a

<sup>50</sup> *Armed Forces Covenant*, Ministry of Defence, May 2011.

<sup>51</sup> *Our Commitments: Scottish Government Support for the Armed Forces Community in Scotland*, Scottish Government, September 2012.

<sup>52</sup> *The Armed Forces Covenant Annual Report 2012*, Ministry of Defence, December 2012.

new Defence Discount Service offering a privilege card entitling members of the Armed Forces Community to a range of discounts on goods and services.

- 1.38 To complement the Armed Forces Covenant, the UK Government introduced the Community Covenant<sup>53</sup> in 2011 as a voluntary statement of mutual support between a civilian community and members of the Armed Forces Community based in its local area. It subsequently set up the Community Covenant Grant Scheme with a budget of £30 million over four years to fund local projects that will bring members of the Armed Forces Community and the civilian community closer together. Support for the scheme in Scotland has been very good: by January 2013, all 32 local authority areas in Scotland had signed a pledge with their local Armed Forces unit, and the Community Covenant programme, administered by the Ministry of Defence, had provided funding grants for 16 projects in Scotland. These include £23,000 given to a group in Edinburgh to replace a mobility adapted minibus to provide an affordable door-to-door service allowing elderly and disabled people from the local and Armed Forces Communities to access local facilities; and about £100,000 to support Glasgow City Council's project to improve veterans' access to local employment.
- 1.39 As a further strand of work under the Armed Forces Covenant, the Corporate Covenant<sup>54</sup> was formally launched in June 2013 with the support of employers' organisations such as the Confederation of British Industry and the Institute of Directors. The purpose of the Corporate Covenant is to allow companies and organisations to show their public support for the Armed Forces Community and the Covenant's principles. In addition to this, employers may agree to do a number of other things to show their support: from always considering giving an interview to former Service personnel who apply for a job; through to offering discounts to members of the Armed Forces Community. Work is underway to recruit supportive companies throughout the UK.

### Integration with UK defence

- 1.40 While there are many defence assets located in Scotland, these do not operate in isolation; in order to fulfil their roles effectively they depend on close integration with other elements, including services and infrastructure spread across the rest of the UK.

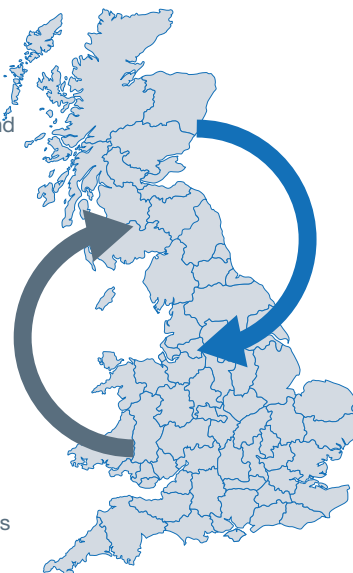
<sup>53</sup> <https://www.gov.uk/armed-forces-community-covenant>

<sup>54</sup> <https://www.gov.uk/the-corporate-covenant>

## Scotland's integration into UK Defence

Support to units and assets in Scotland provided from other parts of UK

- Training establishments produce trained soldiers and officers (Phase 1, 2 and 3)
- Resources, stores, consumables
- Ammunition
- Procurement services
- HQ organisations (e.g. Joint Forces Command /Permanent Joint Headquarters Northwood)
- Main training areas for manoeuvre forces (e.g. Salisbury Plain)
- Aviation support (e.g. Air Warfare Centre Waddington)
- Tri-Service recruiting HQ
- Command and Staff training (e.g. Royal College of Defence Studies London, Defence Academy Shrivenham)
- Combined arms simulation trainers (e.g. Warminster, Catterick)
- Command and policy at MOD and 2-star HQs (London Head Office)
- Intelligence support (e.g. Defence Intelligence & Security Centre Chicksands, London)
- Medical provision (e.g. Catterick, Aldershot)
- Role 4 medical facility at Royal Centre for Defence Medicine, Queen Elizabeth Hospital, Birmingham (the sole R4 capability in the UK supporting UK defence)
- Logistics (e.g. Royal Logistic Corps HQ at Deepcut, Abingdon)



UK defence units and assets in Scotland

- Trained units to deploy on operations
- Individuals to mobilise in support of operations
- Troops for ceremonial tasks in Scotland and wider UK
- Nuclear deterrent fleet
- Cape Wrath - the only naval gunfire and in-service live firing range in the UK
- Benbecula live fire range for Multiple Launch Rocket System
- Other ranges, including West Freugh, Tain, Gairlochhead and Barry Budden
- Integral part in UK air defence plan
- 16 Air Assault Brigade, Royal Military Academy Sandhurst and NATO exercise area in Galloway Forest
- Army Personnel Centre

1.41 On operations, units primarily recruited from or based in Scotland are totally integrated with units recruited from or based in England, Wales and Northern Ireland, as illustrated by the composition of the forces for Operation HERRICK in Afghanistan to be deployed in October 2013 at Annex A.

## People from Scotland in UK defence

1.42 People from Scotland have a long and distinguished history of service in the UK Armed Forces. According to the Scottish Government, there are an estimated 400,000 veterans of the UK Armed Forces in Scotland, many of whom “can point to service in Europe, the Far East and North Africa, on the ground, at sea and in the air during World War II, Korea, East Africa, Suez, Northern Ireland, in the Falkland Islands, the Balkans, Iraq and now Afghanistan and Libya.”<sup>55</sup>

1.43 The UK Armed Forces are a highly attractive career option, with all three Services featuring in the annual surveys of the top graduate employers by both The Times and The Guardian newspapers.<sup>56</sup> UK Armed Forces personnel can expect varied and interesting careers in one of the most highly regarded, technologically advanced forces in the world, providing rewarding opportunities for international and operational

<sup>55</sup> *Our Commitments: Scottish Government Support for the Armed Forces Community in Scotland*, Scottish Government, September 2012.

<sup>56</sup> *The Times Top 100 Graduate Employers 2013/2014*: British Army 26th, Royal Navy 88th and Royal Air Force 89th. *The Guardian UK 300 2013/2014*: British Army 48th, Royal Air Force 65th and Royal Navy 108th.



experience, as well as vocational training and trade qualifications, combined with personal development in management and leadership.

- 1.44 Career progression in the UK Armed Forces is based on ability, and a starting salary of £14,000 rising to more than £17,000 after completion of initial training can be supplemented by additional trade and qualification pay and bonuses. Salaries are reviewed annually by the Armed Forces Pay Review Body; and the very best can achieve high rank in the span of their career with a salary of over £150,000. There is also the opportunity to accrue a very good non-contributory pension, as well as receiving six weeks paid annual leave and subsidised food and accommodation. With the advent of the New Employment Model for the UK Armed Forces, Service personnel will be able to enjoy greater domestic stability achieved through longer postings, fewer moves, improved accommodation options and more distributed training; although there will still be the opportunity for mobility too, to underpin operational capability.
- 1.45 A RAND Europe survey conducted in 2007 suggested that the promised lifestyle, overseas travel and sense of deriving a feeling of pride from service life were significant motivating factors for recruitment into the UK Armed Forces.<sup>57</sup>
- 1.46 Recruitment statistics (in the table below) show that over the five years from 2008/09 to 2012/13 an average of over 8 per cent of recruits signed up to join the UK Regular Armed Forces through recruiting offices in Scotland.

#### UK Regular Armed Forces recruitment in Scotland <sup>58</sup>

Year	Recruited in Scotland	Recruited in the UK as a whole	% recruited in Scotland
2008-09	1,520	22,130	6.9
2009-10	1,650	20,730	8.0
2010-11	1,100	12,550	8.8
2011-12	1,320	14,180	9.3
2012-13	1,160	14,170	8.1
Total	6,750	83,760	8.1

- 1.47 A number of units within the British Army are recruited primarily from Scotland:
- The Royal Scots Dragoon Guards (Carabiniers and Greys);
  - 1st Battalion Scots Guards;
  - The Royal Scots Borderers, 1st Battalion The Royal Regiment of Scotland (1 SCOTS);
  - The Royal Highland Fusiliers, 2nd Battalion The Royal Regiment of Scotland (2 SCOTS);
  - The Black Watch, 3rd Battalion The Royal Regiment of Scotland (3 SCOTS);
  - The Highlanders, 4th Battalion The Royal Regiment of Scotland (4 SCOTS);
  - Balaclava Company, 5th Battalion The Royal Regiment of Scotland (Argyll and Sutherland Highlanders); and
  - 19th Regiment Royal Artillery.

<sup>57</sup> *Remuneration and its motivation of UK military personnel*, RAND Europe, 2007.

<sup>58</sup> UK Armed Forces single Service recruitment estimates. Recruitment figures may differ from published figures on entrants to the UK Armed Forces. Not all personnel recruited will begin their basic training. Figures are for personnel recruited in Scotland only, and will not therefore include people from Scotland recruited through offices elsewhere in the UK.

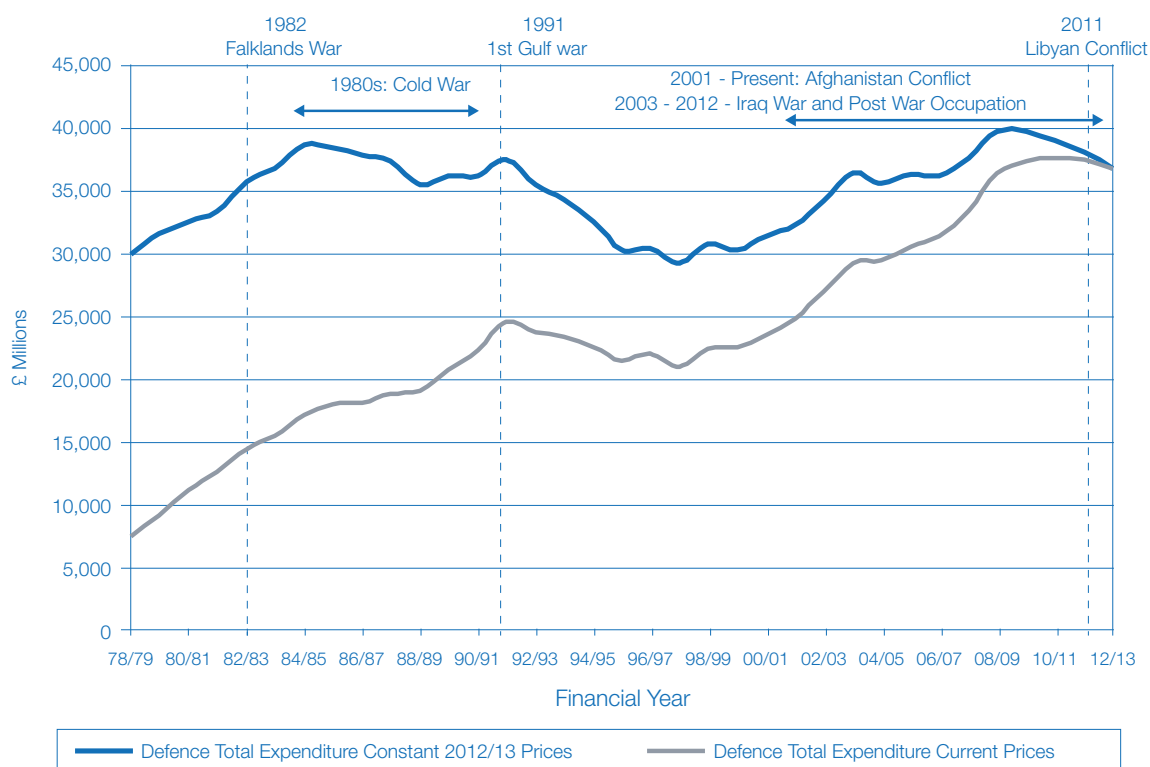
- 1.48 However, it is important to understand that people from Scotland are employed throughout the Royal Navy and Royal Marines, the British Army and the Royal Air Force, as well as the Ministry of Defence and that all members of the UK Armed Forces and Ministry of Defence, be they from Scotland, England, Wales, Northern Ireland or from outside the UK, are working for the UK Government to deliver the UK's defence objectives.
- 1.49 Even the units mentioned above reflect the diverse and pan-UK nature of the UK Armed Forces: the Scots Guards recruit not only from Scotland but from across the north of England; and around 8 per cent of personnel in the Scots Guards, 12 per cent in The Royal Scots Dragoon Guards and 13 per cent in the Royal Regiment of Scotland are from Commonwealth countries, Nepal or the Republic of Ireland.<sup>59</sup>

## UK defence resources and capabilities

### Defence expenditure

- 1.50 The UK has consistently committed a high level of expenditure to defence, as illustrated below.

#### UK defence expenditure 1978/79 to 2012/13<sup>60 61 62</sup>



<sup>59</sup> Defence Statistics. Trained Regular Officers and Soldiers: The Royal Regiment of Scotland, Scots Guards and The Royal Scots Dragoon Guards by Nationality as at 1 December 2012. The figures are for trained Regular British Army only. Figures exclude those with a rank of Colonel and above.

<sup>60</sup> Figures presented in the chart are Cash Figures until 2000/01. From 2001/02 onwards the Net Cash Requirement has been used.

<sup>61</sup> Conversion to constant 2012/13 prices uses the latest available forecast GDP deflator series published by HM Treasury dated 27 June 2013.

<sup>62</sup> All historical data are sourced from Table 1.1 of UK Defence Statistics or, since 2012/13, from Table 1.03.01 of Finance Bulletin 1.03.

- 1.51 In 2012/13, UK defence spending totalled over £34 billion, including nearly £3 billion on operations<sup>63</sup>. In 2011, the UK remained the second largest military spender in NATO after the US, and one of only three NATO countries which met the NATO target of spending the equivalent of 2 per cent or more of Gross Domestic Product (GDP) on defence. The UK was also the fourth largest military spender in the world after the US, China and Russia.<sup>64</sup>
- 1.52 The defence budget for this year and the next two years (i.e. 2013/14 to 2015/16) will be around £33 billion to £34 billion per year, excluding the costs of operations which are funded separately from the Treasury Special Reserve. This is in addition to the separate budgets for the security and intelligence agencies (about £2 billion per year), the National Cyber Security Programme (£860 million over five years) and the new Conflict, Stability and Security Fund for which the UK Government will provide more than £1 billion from 2015/16.<sup>65</sup>

## Defence capabilities

- 1.53 This level of defence spending, together with the associated economies of scale, means that the UK is able to maintain world-class armed forces and equipment, as well as the essential supporting structures and services which are required to make them effective. As a result, the UK has defence capabilities of a scale and sophistication enjoyed by few other countries.
- 1.54 The UK has large, integrated, highly capable and well equipped naval, land and air forces. Although numbers of personnel are reducing, by 2020 there will still be 196,000 personnel employed directly by the Ministry of Defence: 142,500 Regular Armed Forces (82,000 Army<sup>66</sup>, 31,500 Royal Air Force and 29,000 Royal Navy<sup>67</sup>) and 53,500 civilian personnel<sup>68</sup>. In addition, by 2018 it will have nearly 35,000 trained Volunteer Reserves across the three Services.<sup>69</sup> Future defence capabilities will include:
- a fully integrated British Army structure in which 82,000 Regular and 30,000 trained Volunteer Reserve personnel will combine with appropriate civilian and contractor support to deliver well equipped and professional forces at different levels of readiness. These will be able to support a wide range of tasks, whether contributing to building relationships with allies and partners overseas, supporting national resilience, or carrying out a broad range of contingency operations;
  - two Queen Elizabeth Class aircraft carriers, including one at extended readiness, to give the UK the ability to project military power and influence over land as well as sea from anywhere in the world; six Type 45 destroyers and 13 Type 26 frigates, providing flexibility across a range of operations from full-scale warfare to maritime security; and seven Astute Class submarines providing global reach, with strategic intelligence and Tomahawk land attack strike capability; and

<sup>63</sup> *Annual Statistical Series 1, Finance Bulletin 1.03, Departmental Resources 2013*, Ministry of Defence, 26 September 2013.

<sup>64</sup> *United Kingdom Defence Statistics 2012 Chapter 1 – Finance (Release 2)*, Ministry of Defence, 6 February 2013.

<sup>65</sup> *Spending Round 2013*, HM Treasury, June 2013.

<sup>66</sup> *Transforming the British Army*, Army, July 2012.

<sup>67</sup> *Securing Britain in an Age of Uncertainty: The Strategic Defence and Security Review (Cm 7948)*, HM Government, October 2010.

<sup>68</sup> *Managing change in the Defence workforce: Report by the Comptroller and Auditor General HC 1791 Session 2010–12*, National Audit Office, 9 February 2012.

<sup>69</sup> *Future Reserves 2020*, Written statement by Secretary of State for Defence, House of Commons Hansard Columns 65WS–67WS.



- a two-fleet fast jet force of Typhoon multi-role combat aircraft and Joint Strike Fighter Lightning II aircraft, which will provide the flexibility and strike power to deal with a variety of new and existing threats and undertake the full range of air operations, including air policing, peace support and high intensity conflict.
- 1.55 These are complemented by integrated command, control and communications, as well as specialist capabilities such as logistics, intelligence, cyber and Special Forces. Defence intelligence and cyber capabilities also make an essential contribution to the UK's overall intelligence and cyber capabilities, which will be explored in a further Scotland analysis paper.

### UK Special Forces

The immense contribution of the UK's highly professional Special Forces is necessarily largely unreported. The reputation of the Special Forces is widely acknowledged both in the UK and among those allies and partners with whom the UK operates. UK Special Forces contribute to a wide range of intervention operations and provide vital support to stabilisation operations, humanitarian crises, and other commitments such as conducting a counter-terrorism strike or evacuating UK nationals during unrest overseas.

### Defence intelligence

The UK's defence intelligence organisation, which is part of the Joint Forces Command, is the main provider of strategic intelligence to the Ministry of Defence and the UK Armed Forces. Defence intelligence has four key roles: support to operations, support to contingency planning, provision of early warning of impending crises around the world and analysis of emerging threats. It provides collection capabilities, intelligence products and assessments to: guide decisions on policy and the commitment and employment of the Armed Forces; inform defence research and equipment programmes; and support military operations. It is also an essential element of the UK's central intelligence machinery, contributing staff and resources to the Cabinet Office in support of the Joint Intelligence Committee and to the Joint Terrorism Analysis Centre; and supports other UK Government departments and NATO / EU military operations with advice and intelligence assessments.

### UK cyber and network operations

Defence operations, both overseas and in the UK, depend on a sophisticated global network of communication and information systems. Hardened satellite communications are provided through the Skynet satellite programme, alongside high frequency and very low frequency radio communications, ensuring that deployed forces remain in contact with military headquarters. All of these systems need to be kept up and running 24 hours a day, 7 days a week to support military operations. This task falls to the Ministry of Defence Global Operations and Security Control Centre in Corsham, Wiltshire, which works round the clock to provide the necessary support. Joint Forces Command leads Ministry of Defence cyber operations, working closely with the security and intelligence agencies, to counter increasingly sophisticated cyber threats as well as providing access to specialist cyber defence and forensic capabilities.

- 1.56 The UK's capabilities also include the strategic nuclear deterrent, which plays an essential part in the UK's and NATO's overall strategy and provides the ultimate assurance against current and future threats.

## The UK's strategic nuclear deterrent<sup>70</sup>

It is a key responsibility of the UK Government to be sure that the UK is properly protected should the future turn out to be less secure than it hopes. While the UK Government assesses that currently no state has both the intent to threaten the UK's vital interests and the capability to do so, it cannot dismiss the possibility that a major direct threat might re-emerge. A state's intent in relation to the use of its capabilities could change relatively quickly in a period of increased international instability; and there is a risk of nuclear proliferation that might in future lead to an increased threat.

The UK's continued possession of a nuclear deterrent provides an ultimate assurance that it cannot be subjected in future to nuclear blackmail or a level of threat from a state or state sponsor of nuclear terrorism, which would put at risk its vital interests or fundamentally constrain its foreign and security policy objectives. In view of the continued existence of large nuclear arsenals held by other nations, and the possibility of further proliferation of nuclear weapons, it is right that the UK Government should retain a credible, continuous and effective minimum nuclear deterrent for as long as the global security situation makes that necessary. Since 1956, the UK's nuclear deterrent has underpinned its ability to help secure international peace and security, even in the most challenging circumstances.

The UK's nuclear deterrent also supports collective security through NATO for the Euro-Atlantic area. Nuclear deterrence plays an important part in NATO's overall strategy and the UK's nuclear forces make a substantial contribution. The NATO Strategic Concept of 2010 reinforces this, stating that "the supreme guarantee of the security of the Allies is provided by the strategic nuclear forces of the Alliance, particularly those of the United States; the independent strategic nuclear forces of the United Kingdom and France, which have a deterrent role of their own, contribute to the overall deterrence and security of the Allies", and that "as long as there are nuclear weapons in the world, NATO will remain a nuclear alliance"<sup>71</sup>. The UK has long been clear that it would only consider using its nuclear weapons in extreme circumstances of self-defence, including the defence of NATO Allies.

Therefore while the UK Government will continue to work internationally to enhance mutual trust and security, and to seek multilateral nuclear disarmament in line with its commitments under the Nuclear Non-Proliferation Treaty, at this point it cannot rule out a major shift in the international security situation which would put the UK under grave threat. Accordingly, the UK Government believes that nuclear weapons remain a necessary element of the capability needed to deter threats from others possessing nuclear weapons. It is therefore committed to the maintenance of the UK's national nuclear deterrent, based on a ballistic missile submarine capability based at Her Majesty's Naval Base Clyde in western Scotland.

- 1.57 The value of the UK nuclear deterrent to NATO was acknowledged by the Secretary General of NATO earlier this year in a letter to the Secretary of State for Defence, which stated that the UK capability "will continue to play a crucial role as part of NATO's appropriate mix of nuclear and conventional forces that both deter and defend against threats to our alliance."<sup>72</sup>

<sup>70</sup> *The Future of the United Kingdom's Nuclear Deterrent*, HM Government, December 2006; *Securing Britain in an Age of Uncertainty: The Strategic Defence and Security Review*, HM Government October 2010.

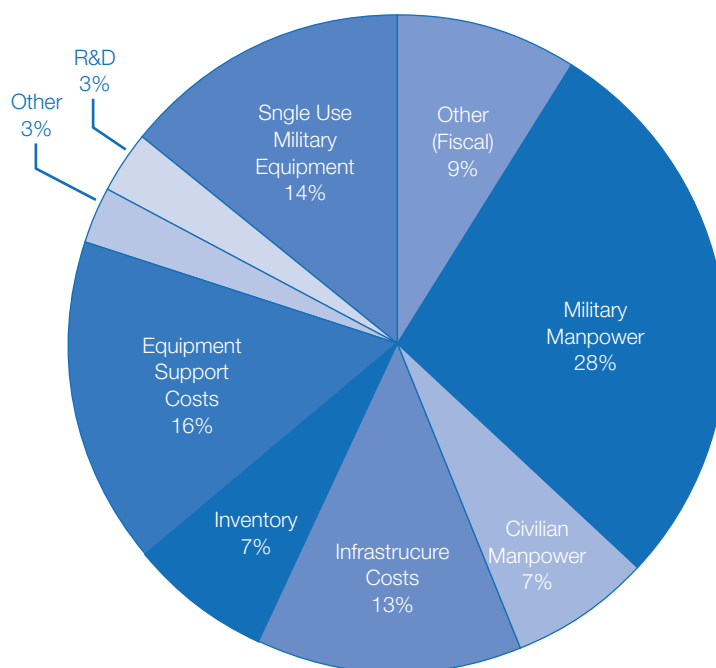
<sup>71</sup> *Active engagement, modern defence: Strategic concept for the defence and security of the members of NATO*, NATO, November 2010.

<sup>72</sup> *NATO praises Royal Navy's dedication to delivering security*, UK Government, [www.gov.uk/government/news/nato-praises-royal-navys-dedication-to-delivering-security](http://www.gov.uk/government/news/nato-praises-royal-navys-dedication-to-delivering-security), 4 April 2013.

## Costs of defence and economies of scale

- 1.58 Development and support of armed forces able to deploy on operations in support of the national interest is a complex business. Personnel must be recruited, trained, housed, managed and retained. Equipment must be designed, developed and supported through its life. This is not just the front-line capabilities, such as ships, infantry fighting vehicles and jets, but also the huge variety of supporting capabilities, including medical care, intelligence and logistics. Headquarters must be developed and trained to exercise command and control of forces; and a head office is needed to provide strategic direction and democratic control and accountability.
- 1.59 Defence is an expensive business and requires financial investment not only in the military manpower and equipment that make up front-line forces, but also in equipment support, infrastructure, civilian manpower and other items that are essential to delivery of overall defence outputs as illustrated by the breakdown of UK defence expenditure in 2012/13 below.

### UK defence expenditure 2012/13 by commodity block<sup>73</sup>



- 1.60 The organisation, management and delivery of defence on a UK-wide basis provides economies of scale through the extent of its requirements and through having single, integrated armed forces and supporting organisations and infrastructure.

<sup>73</sup> Based *Annual Statistical Series 1, Finance Bulletin 1.03, Departmental Resources 2013 Table 1.03.03*, Ministry of Defence, 26 September 2013. Single Use Military Equipment is equipment that only has a military use, such as warships, fighting vehicles and fighter aircraft; R&D = Research and Development.

## UK defence economies of scale

Economies of scale have been achieved through the consolidation of support services over the last two decades. This has included combining the personnel and operational functions into single headquarters for each Service, merging procurement and logistics functions and, more recently, creating the Joint Forces Command. The Defence Business Services organisation is bringing together human resources and finance functions; and the Defence Infrastructure Organisation has assumed responsibility and funding for all infrastructure. The process of consolidating the provision of services allows the Ministry of Defence to maximise its buying power and to exploit to the full its scale as a potential customer when negotiating with industry for contracted services or capabilities.

## Defence in an independent Scottish state

- 1.61 In the event of a vote in favour of leaving the UK, in the eyes of the world and in law, Scotland would become an entirely new state.<sup>74</sup> Scotland would leave the UK and its existing defence arrangements, and would need to establish its own defence arrangements as part of the process of forming a new state. The government of an independent Scottish state would become responsible for establishing and maintaining its own defence capabilities and armed forces, as well as the necessary command, management, enabling and supporting structures and services. Many of these would have to be developed from scratch, which would take substantial time and up-front investment.
- 1.62 The Scottish Government has suggested that an independent Scottish state might remain part of a wider 'defence union' as a member of NATO.<sup>75</sup> NATO is an alliance of independent states providing collective self-defence in the event of an armed attack against a member state within Europe or North America. As a result, it involves joint planning and cooperation to enable treaty obligations to be met effectively. Each member state has the responsibility of providing its own armed forces to meet its obligations under the treaty and otherwise to meet its own defence policy. Membership of NATO gives no special legal rights as to defence procurement. It does not give rights to share military and intelligence classified information, other than NATO information; the sharing of other classified information is a matter for agreement between individual states. It is not, legally or in practice, the same as fully integrated defence. By contrast with integrated defence within the UK, an independent Scottish state, if it were to join NATO, would remain responsible for setting up its own forces (but on the basis that it would be able to meet its NATO obligations), with its own command structure and training and support arrangements. Accordingly, although alliance through NATO does provide an important basis for cooperation between sovereign states, even the closest allies recognise there are limits to the extent of defence cooperation because of the importance of national sovereignty and in particular of defence and foreign policy issues outside NATO. No alliance could deliver the equivalent benefits of the UK's integrated approach to defence.
- 1.63 In January 2012, BBC Scotland reported that the First Minister of Scotland, Alex Salmond MSP, had said the UK Government's 2010 Strategic Defence and Security

<sup>74</sup> *Scotland analysis: Devolution and the implications of Scottish independence (Cm 8554)*, HM Government, February 2013.

<sup>75</sup> *First Minister sets out vision on defence*, <http://news.scotland.gov.uk/News/First-Minister-sets-out-vision-on-defence-2a6.aspx#downloads> 25 July 2013.

Review had produced a template of how armed forces could look in an independent Scottish state. The First Minister was quoted as having told BBC Scotland: “The configuration of the Army in Scotland, the mobile brigade, which is the outcome of the defence review, looks exactly like the configuration you’d want for a Scottish defence force - so that’s one naval base, one aircraft base and a mobile armed brigade.”<sup>76</sup>

- 1.64 However, the establishment of armed forces in an independent Scottish state would not be as simple as this. UK forces and facilities in Scotland are not designed to meet requirements that are peculiar to Scotland, but are integrated with the rest of the UK Armed Forces and defence capabilities to meet the requirements of the whole of the UK. Although an independent Scottish state might have similar needs, it would need to take account of differences in its geography, size and budget. The Scottish Government appeared to acknowledge this in evidence to the House of Commons Defence Committee in July 2013, and has undertaken to set out its plans in a White Paper which “will have a substantial amount of detail”. The Scottish Government Minister for Transport and Veterans, Keith Brown MSP, stated: “...we do not seek to replicate a new version of UK armed forces in miniature for Scotland. We have a different set of criteria that we wish to apply to the armed forces in Scotland, and a different role for them...”<sup>77</sup>
- 1.65 An independent Scottish state would face a significant challenge to establish, man and equip its armed forces and wider defence and security structures. In the event of independence, negotiations would have to take place on a whole range of matters, including on assets and liabilities. With a smaller tax base, an independent Scottish state would have to consider seriously its ability to sustain levels of investment at existing bases in Scotland, particularly where these are currently geared to support for specific, high-end capabilities. As an example, RAF Lossiemouth is currently home to three squadrons of Tornado jets, and in future will be home to three squadrons of Typhoon jets. Fast jets are expensive, both in terms of equipment, maintenance and infrastructure costs and the numbers of personnel required to support them. It is not clear whether or not an independent Scottish state would be in a position to prioritise long-term retention of such assets given the high overheads, and this would have a knock-on impact on communities such as those in Lossiemouth where the local economy is reliant on activity at the base.

### International comparisons

- 1.66 Comparisons might be made with European states which have similar sized populations to Scotland. Indeed, the current Scottish Government has often suggested such comparisons, including in evidence given to the House of Commons Defence Committee in July 2013, when the Scottish Government Minister for Transport and Veterans claimed that Scotland was “much more comparable to other north European countries, such as Norway and Denmark”.<sup>78</sup>
- 1.67 The table at Annex B compares Denmark, Norway, Slovakia, Finland, Ireland and Croatia, all of which have populations between about 4.4 million and 5.6 million people, in terms of their defence spending, armed forces, strategic orientation and institutional memberships.

<sup>76</sup> *Scottish independence: Salmond details Scottish defence force plan*, BBC Scotland, <http://www.bbc.co.uk/news/uk-scotland-scotland-politics-16636329> 19 January 2012.

<sup>77</sup> Defence Minutes of Evidence HC 198: Transcript of oral evidence taken before the House of Commons Defence Committee from Keith Brown MSP on 2 July 2013.

<sup>78</sup> Defence Minutes of Evidence HC 198: Transcript of oral evidence taken before the House of Commons Defence Committee from Keith Brown MSP on 2 July 2013.



- 1.68 In terms of spending, the SNP's proposed budget of £2.5 billion for defence and security (which would include intelligence and cyber)<sup>79</sup> would mean a budget of something less than £2.5 billion for defence. This is less than Denmark (£2.8 billion) and substantially less than Norway (£4.4 billion) spent on defence in 2012, about the same as Finland (£2.3 billion) and higher than Ireland (£0.7 billion), Slovakia (£0.6 billion) and Croatia (£0.6 billion). With the exception of Slovakia and Croatia, none of these nations has had to contend with the costs of becoming a newly separated state including start-up costs, nor the economic uncertainty that would likely follow independence compounded by current global economic challenges.
- 1.69 The SNP's proposed force size of 15,000 regular personnel<sup>80</sup> would be significantly larger than Ireland, but slightly smaller than Slovakia and much smaller than Denmark, Norway, Finland and Croatia. There are also some important differences in terms of how forces are recruited. According to figures published by the International Institute for Strategic Studies, approximately 30 per cent of the total armed forces in Norway and approximately 60 per cent in Finland were conscripts.<sup>81</sup> Given the different cultural and historical context for recruitment in the UK, it is unlikely that such a policy would be viewed as credible or acceptable for an independent Scottish state and the current Scottish Government confirmed to the House of Commons Defence Committee in July 2013 that it is not advocating conscription.<sup>82</sup>
- 1.70 The decisions that states make on defence are influenced by their strategic orientation, politics, history, budget and geography. Slovakia as a land-locked state has no requirement for a navy. The fact that Finland and Norway have borders with Russia has shaped their relationships with, and importance to, NATO and the configuration of their armed forces. Finland and Ireland have historically been neutral states, although both have actively contributed to international peacekeeping operations.
- 1.71 Smaller states also have to make difficult choices about military capabilities because of their relatively small budgets. For example: Slovakia lacks strategic airlift; Norway has limited maritime logistic support for deployed operations; and Ireland has a minimal air force and navy.
- 1.72 Denmark, Norway, Slovakia and Croatia are active members of NATO. In the case of Denmark and Norway, NATO membership may be seen as an influence on their relatively high levels of defence spending compared to other states of similar size. Finland and Ireland are members of the Partnership for Peace programme but not NATO, meaning they are not covered by the Alliance's collective defence assurance, although they do participate in NATO operations including in Afghanistan and Kosovo. Finland, Slovakia and Ireland participate in the EU Common Security Defence Policy and EU military operations. Norway is not an EU member state, but nonetheless contributes to the EU's Rapid Response Battlegroups.
- 1.73 Cooperation with allies can mitigate weaknesses caused by capability gaps or limitations, and this has a particular salience for smaller states. All the states of Western Europe (with the single exception of Switzerland) are members of either NATO or the EU; and the states that emerged from the former Yugoslavia which are not yet members aspire to join at least one, if not both.

<sup>79</sup> *Foreign, Security and Defence Policy Update*, Scottish National Party, October 2012.

<sup>80</sup> *Foreign, Security and Defence Policy Update*, Scottish National Party, October 2012.

<sup>81</sup> *The Military Balance 2013*, International Institute for Strategic Studies, March 2013.

<sup>82</sup> Defence Minutes of Evidence HC 198: Transcript of oral evidence taken before the House of Commons Defence Committee from Keith Brown MSP on 2 July 2013.

- 1.74 European states with similar sized populations to that of Scotland do have their own armed forces and make valuable contributions to EU and / or NATO defence arrangements, while benefiting from the collective security offered by those institutions. However, each state differs in its defence spending, force composition, strategic orientation, threat perception, institutional memberships and capability requirements; and all of them have to make very difficult choices because of relatively small populations and budgets.
- 1.75 An independent Scottish state would face similarly difficult choices, with significant implications for its defence and freedom to operate. It is highly unlikely that it would be able to match countries such as Denmark and Norway without spending much more and maintaining much bigger armed forces than the SNP has proposed. And the current Scottish Government has itself stated that it does “not think that Scotland is at all comparable to Ireland”.<sup>83</sup>

### Possible size and shape of independent Scottish defence forces

- 1.76 In its policy update in October 2012, the SNP stated that an independent Scottish government led by the SNP would commit to an annual defence and security budget of £2.5 billion. As well as a cyber security and intelligence infrastructure, for defence the policy update envisaged, among other things:
- Scottish armed forces comprising 15,000 regular and 5,000 reserve personnel;
  - a joint forces headquarters and main conventional naval facility at Faslane;
  - retention of all current bases;
  - an air force operating from Lossiemouth and Leuchars;
  - regular ground forces, which would include “current Scottish raised and restored UK regiments”, support units, special forces and marines;
  - ocean going vessels, fast jets for domestic air patrol duties, transport aircraft, helicopters, army vehicles, artillery and air defence systems; and
  - new frigates, conventional submarines and maritime patrol aircraft.<sup>84</sup>
- 1.77 These proposals contain insufficient detail to be able to determine whether they are realistic or affordable for an independent Scottish state, although the Scottish Government has promised to provide substantially more information in its White Paper in autumn 2013.<sup>85</sup> However, it is notable that the proposed budget of £2.5 billion for both defence and security (including intelligence and cyber) would be a small fraction (about 7 per cent) of the UK’s combined budgets for defence (£33 billion to £34 billion), intelligence (£2 billion) and cyber (£860 million over five years); while the proposed Scottish armed forces of 15,000 regulars and 5,000 reserves would be over 10 per cent and 14 per cent respectively of the UK’s current planned future numbers of Regular (142,500) and trained Volunteer Reserve (35,000) forces. It is therefore far from clear how the proposed budget could cover the proposed scale of Scottish armed forces, as well as high-end and expensive capabilities such as frigates, conventional submarines, fast jets and maritime patrol aircraft.

<sup>83</sup> Defence Minutes of Evidence HC 198: Transcript of oral evidence taken before the House of Commons Defence Committee from Keith Brown MSP on 2 July 2013.

<sup>84</sup> *Foreign, Security and Defence Policy Update*, Scottish National Party, October 2012.

<sup>85</sup> Defence Minutes of Evidence HC 198: Transcript of oral evidence taken before the House of Commons Defence Committee from Keith Brown MSP on 2 July 2013.

- 1.78 In terms of the size of the armed forces, it is difficult to see how the SNP's proposal to have 15,000 regular personnel could be consistent with its promise that the regular ground forces would include "current Scottish raised and restored UK regiments". During a speech in Edinburgh in March 2013, the Secretary of State for Defence pointed out that the current liabilities of the Royal Scots Dragoon Guards, the Scots Guards and the five regular battalions of the Royal Regiment of Scotland added up to some 4,100 posts; and that the liability of the King's Own Scottish Borderers when they were amalgamated with the Royal Scots was 550 posts.<sup>86</sup> Taken together, this would equate to almost one-third of the SNP's proposed total number of personnel. However, these combat units would be ineffective without other units providing artillery, logistics, engineering, signals and medical support. The ratio of combat to support units in the British Army, maximising the economies of scale that come from a force of its size and efficiency, is about 1:2.<sup>87</sup> Applying this ratio to the 4,650 combat unit posts above would suggest a total of nearly 14,000 posts for these elements alone. In addition, independent Scottish armed forces would need a navy and air force, as well as headquarters, which would likely require at least a further several thousand posts.
- 1.79 The Scottish Government appeared to acknowledge this in evidence to the House of Commons Defence Committee in July 2013; when asked if it was envisaged that all the current Scottish infantry battalions would be retained and, if so, if they might be reduced in scale, the Scottish Government Minister for Transport and Veterans replied that it was "fair to assume that that is one of the things that we are looking at, not least given our commitment to reinstate Scottish regiments previously abolished. You can anticipate from that, given the numbers involved, that it would not be on the same scale as currently..."<sup>88</sup>
- 1.80 Commenting on the SNP's defence proposals, a report published by The Scotland Institute think-tank stated that the "SNP's intended defence spend would be able to deliver a notional Scottish Defence Force. However, its roles would be limited and modest, and it would lose some of the economies of scale currently enjoyed by the UK Defence Forces..."<sup>89</sup>
- 1.81 An assessment of the SNP's defence proposals published by the Henry Jackson Society think-tank found that the proposed budget of £2.5 billion "does not match the commitments envisaged by the SNP for their defence force." It also found that:
- the proposal to include "current Scottish raised and restored UK regiments" "would leave Scotland with a heavily Army-centric defence force when, strategically, a greater focus on maritime and air defence would be preferable";
  - in terms of equipment, "many of the platforms which they have singled out would be either impractical or unworkable";
  - for the navy "to procure 'conventional submarines' and 'new frigates' would be extremely expensive, while most experts believe that a Scottish Navy would have greater use for smaller vessels"; and "Placing the Scottish Navy in the southwest of the country also raises strategic questions, given that Scotland's main maritime

<sup>86</sup> *Stronger and safer together*, Speech by Secretary of State for Defence, Edinburgh 14 March 2013.

<sup>87</sup> The ratio is based on Combat (Teeth - Infantry and Armour) against Combat Support (Tail - Artillery and Engineers) and Combat Service Support (Tail - Royal Logistics Corps, Royal Electrical and Mechanical Engineers, Army Medical Division, Royal Signals and Adjutant General's Corps).

<sup>88</sup> Defence Minutes of Evidence HC 198: Transcript of oral evidence taken before the House of Commons Defence Committee from Keith Brown MSP on 2 July 2013.

<sup>89</sup> *Defence and Security in an Independent Scotland*, The Scotland Institute, June 2013.



assets, and many of the potential threats, are located to the north and east”]; and

- for the air force “none of the Royal Air Force (RAF)’s three jet types would be suitable. The Eurofighter Typhoon would likely be too expensive and complex, and the ageing Tornado GR4 lacks an air-to-air capability. The last option, the Hawk trainer (endorsed by the SNP’s defence spokesman), is comparatively slow, with no radar and only limited offensive capability. Therefore, it would be unable to fulfil the air-defence function envisaged by the party. As a result, if the SNP wanted a fast jet for its Air Force, it would need to be procured elsewhere.”<sup>90</sup>

- 1.82 Other independent analyses have suggested alternative future force structures for the armed forces of an independent Scottish state, which are much less ambitious than the proposals put forward by the SNP.
- 1.83 A briefing paper published in April 2012 by the Royal United Services Institute<sup>91</sup> suggested that an independent Scottish state might wish to spend around 1.4 or 1.5 per cent of its GDP on defence, which would be in line with the NATO European average (excluding UK and France) and would provide a defence budget of between £1.7 billion and £2.1 billion based on 2010 figures. For this budget, the paper suggested that:
- an independent Scottish state could maintain small, but capable, armed forces, and in time these forces could make a useful contribution to international efforts to support peace and security;
  - expectations that Scotland could quickly obtain military capabilities on a par with other north European states are likely to be over-optimistic;
  - a future independent Scottish army would not be a priority, and initially might be very dependent on other nations for transport, resupply and logistic support;
  - an independent Scottish state would want maritime forces to support a wide range of policing tasks around its coasts including surface vessels that could form the core of a Scottish navy and contribute to security in the High North; and
  - there will be severe limits on Scotland’s ability to buy or maintain high-end aircraft, and other small nations have found it more cost-effective to buy off-the-shelf.
- 1.84 Another paper published by the Royal United Services Institute in October 2012<sup>92</sup> suggested that based on an assessment of defence needs an independent Scottish state might require an annual defence budget of £1.6 to £1.8 billion, which would represent about 1.3 per cent of its estimated GDP and for which it might have:
- an army of some 10,000 to 12,500 personnel consisting of a regular brigade equipped to deploy and sustain itself in a combat zone and a Territorial Army brigade for internal duties and back-up for deployed regular troops;
  - an air force of around 60 aircraft, including for air defence, strike attack and maritime reconnaissance, and 1,750 to 2,250 personnel; and
  - a navy of between 20 and 25 vessels, including frigates, offshore patrol, mine

<sup>90</sup> *In Scotland’s Defence? An Assessment of SNP Defence Strategy* by George Grant, Henry Jackson Society, July 2013.

<sup>91</sup> *The End of an ‘Auld Sang’ Defence in an Independent Scotland - Briefing Paper* by Professor Malcolm Chalmers, Royal United Services Institute, April 2012.

<sup>92</sup> *A’ the Blue Bonnets: Defending an Independent Scotland - Whitehall Report 3-12* by Stuart Crawford and Richard Marsh, Royal United Services Institute, October 2012.

counter-measure vessels, and 1,500 to 2,000 personnel. Submarines were unlikely to form part of the inventory of the Scottish navy in the short-to-medium term, and in the longer term Scotland might wish to consider off-the-shelf purchase of conventionally powered and armed submarines.

### The challenges of creating new armed forces

- 1.85 While many military personnel and capabilities are located in Scotland, these do not operate in isolation; in order to fulfil their roles effectively they depend on close integration with other capabilities, services and infrastructure spread across the UK.
- 1.86 An independent Scottish state would need to acquire or develop not just operational capabilities, but also the elements to support them. In doing so it would be unlikely to benefit from the same economies of scale as the UK due to the smaller sized force over which to spread its overheads. And it would face substantial start-up costs.
- 1.87 As an example, although there are certain training facilities for the UK Armed Forces located in Scotland, most are located elsewhere in the UK. This includes basic and officer training for all three Services, infantry, artillery and armoured training on Salisbury Plain, the Royal School of Military Engineering sites in Kent, Surrey and Leicestershire, and defence intelligence training at Chicksands in Bedfordshire. To re-create such facilities would require additional funding and manpower, as well as the identification of appropriate estate and infrastructure. The cost of training each recruit would likely be significantly higher than is currently the case for the UK due to the much smaller number of people to be trained and the loss of economies of scale. An independent Scottish state might wish to procure training from the UK or another country, but the scale and cost of access to such training would have to be negotiated, and, even if available, might not be suitable for the future requirements of Scottish forces. The same might apply to other defence assets located outside Scotland, including medical provision, such as the Royal Centre for Defence Medicine at the Queen Elizabeth Hospital in Birmingham which is the main receiving unit for all military patients injured overseas.
- 1.88 Re-designing a new force structure that worked coherently would be a substantial task. Adapting the functions of Scotland's defence footprint would result in a substantial burden on the public finances of an independent Scottish state during establishment, and duplication of costs thereafter for the essential services currently provided on a UK-wide basis. It is difficult to predict how long the establishment phase would last, but given the complex, integrated nature of the UK Armed Forces and the absence of command and control structures and other essential components in Scotland, this would not be an easy process. Even basic re-design of military bases is a costly undertaking requiring substantial investment to cater for different operational needs, as exemplified by the UK Government's planned investments of £100 million for British Army basing in Scotland and £85 million for development of RAF Lossiemouth. A briefing paper published in April 2012 by the Royal United Services Institute concluded that "the costs of achieving this transition would be significant, with the separation into two militaries creating more organisational disruption than in any other arm of the public services."<sup>93</sup>
- 1.89 An independent Scottish state could not simply co-opt existing units that are primarily recruited in Scotland or based in Scotland, as these are an integral part of the UK Armed Forces. Similarly, individual members of the UK Armed Forces, in whatever units they serve, could not simply be moved into the forces of a separate Scottish state.

<sup>93</sup> *The End of an 'Auld Sang' Defence in an Independent Scotland - Briefing Paper by Professor Malcolm Chalmers, Royal United Services Institute, April 2012.*

Existing members of the UK Armed Forces would still be part of the UK Armed Forces and, as far as the UK Government is concerned, would be able to continue to serve in them, subject to the usual requirements of service.

- 1.90 There would undoubtedly be some who might wish to be allowed the option of transferring, and this would be a matter for negotiation. However, while it would not seem an unreasonable assumption that individuals who had a connection with Scotland and wanted to be released from their commitment to serve in the UK Armed Forces in order to join the armed forces of an independent Scottish state might expect to be allowed to do so, they would have to make that choice. However, on the evidence of the RAND study cited earlier, it is far from clear that large numbers of current serving UK Armed Forces personnel would choose to do so. There would be significant recruitment and retention challenges to be overcome including:
- existing UK Armed Forces personnel have committed, both personally and legally, to serving Queen and country, and have formed strong relationships with their colleagues and regiments; and
  - separate Scottish armed forces of a much smaller scale and with much lesser capabilities would be less able to operate internationally, and might prove less attractive to those currently serving and to potential recruits.
- 1.91 Professor Hew Strachan of Oxford University has suggested, “like New Zealanders who opt to serve in the Australian air force or the British Royal Air Force, or Irishmen who want to serve in the regiments of the British Army, many Scots might find their ambitions better fulfilled in the rump of the British Army”.<sup>94</sup> Similarly, the Scotland Institute found that “Scottish independence will lead to difficulties in recruitment and retention...and an even more limited international role than at present would make service in an IS [Independent Scotland] Scottish Defence Force an unattractive proposition to ambitious recruits.”<sup>95</sup>
- 1.92 Some personnel might, of course, find that their choices would be limited because their particular skills and specialisms might not be required in an independent Scottish force, which would be unlikely to reproduce the full range of capabilities in the UK Armed Forces.
- 1.93 Any failure to attract officers and non-commissioned officers into the armed forces of an independent Scottish state sufficient in both numbers and experience to populate the command structure would represent a serious challenge to the credibility and capability of its defence. Senior officers and non-commissioned officers who are competent to command armed forces personnel on operations cannot simply be appointed; they must be developed, and this can be the work of a generation or more.

## Conclusion

- 1.94 In the event of a vote for independence, separation of Scotland’s defence from that of the UK would create real uncertainty for both nations and put at risk the significant benefits that result from the provision of defence on a UK-wide basis. As part of the UK, Scotland contributes greatly to, and is protected by, the UK Armed Forces. These are funded by one of the largest defence budgets in the world and undertake operations at home and abroad for the benefit of all UK citizens.

<sup>94</sup> *Scottish independence: Military man says Scots SAS is needed*, BBC News, <http://www.bbc.co.uk/news/uk-scotland-scotland-politics-18077312> 15 May 2012.

<sup>95</sup> *Defence and Security in an Independent Scotland*, The Scotland Institute, June 2013.

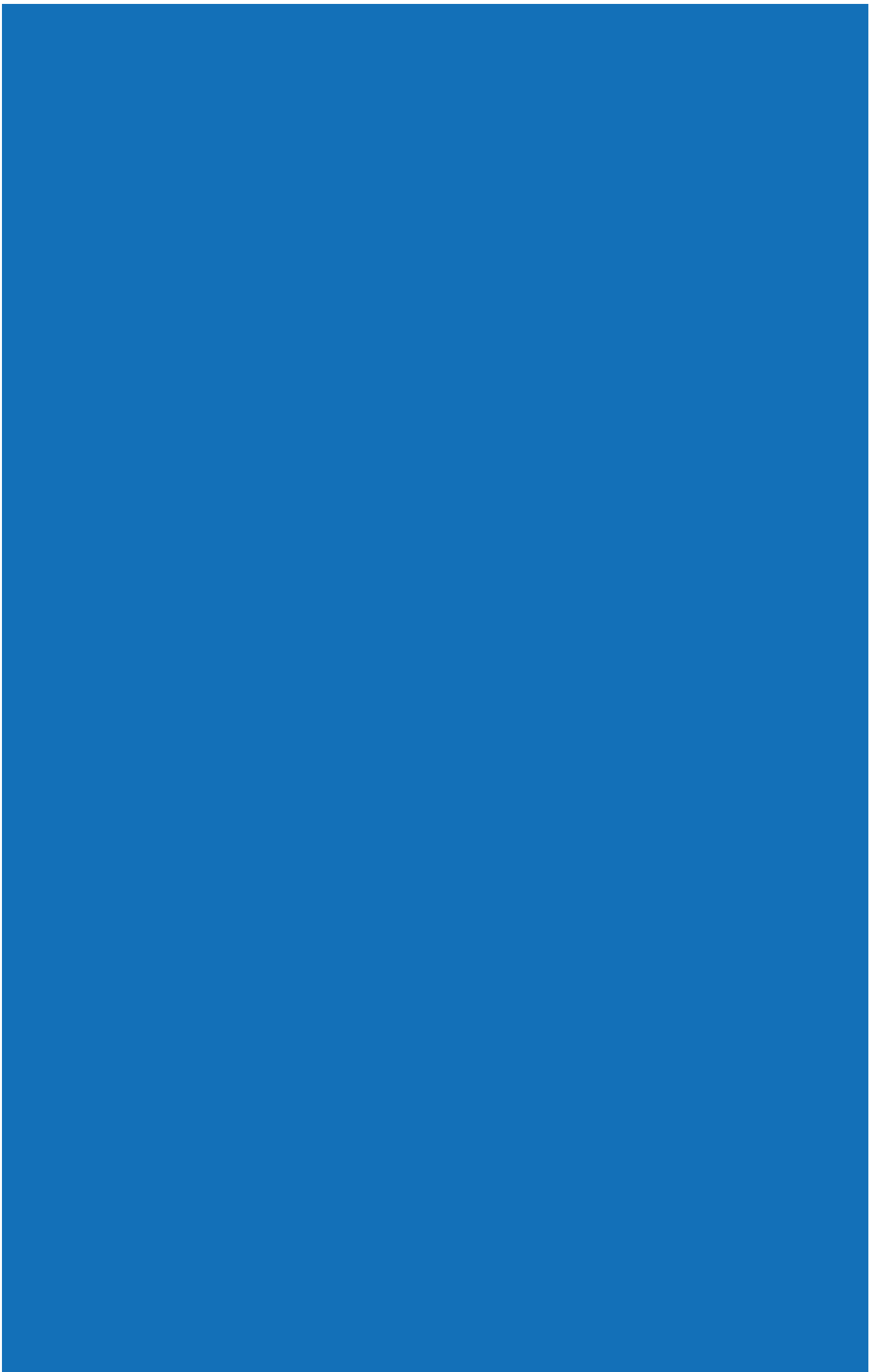
- 1.95 As independent commentators have concluded, the government of an independent Scottish state would be able to establish its own defence forces. It is not clear, however, what level of protection and security they would be able to provide, nor how the government would go about constructing and equipping them. Independence would certainly mean a reduction in the size of the armed forces and in the quantity and quality of military equipment and capability available to defend Scottish interests at home and abroad.
- 1.96 This matters because contemporary threats cannot be countered effectively simply by directing all assets to territorial defence. Currently, Scotland's defence does not just happen in Scotland, and its protection is not solely linked to the extent of the UK Armed Forces presence there. Scotland's protection benefits from the full range of UK capabilities wherever they are located, including: under the oceans, where the UK's nuclear deterrent is on constant patrol; on the high seas, where the Royal Navy help to protect shipping lanes; in the skies, where the UK's quick reaction aircraft patrol the UK's airspace; and in Afghanistan where UK Servicemen and women are taking risks every day to reduce the risks of international terrorism.
- 1.97 On current UK Government plans, by 2020 the UK Armed Forces will be able to call upon a total of 142,500 Regular Armed Forces personnel and nearly 35,000 trained Reserves, deploying a range of highly adaptable capabilities at home and abroad, and ensuring that the UK is well placed to defend its interests in the future. This is underpinned by tried and tested decision-making and support structures which ensure the UK's assets are used effectively. This represents a scale and breadth of capability that would be far beyond the scope of the defence resources of an independent Scottish state.
- 1.98 An independent Scottish state would need to replace and rebuild many of these functions. And it would need to recruit and retrain staff, which could create a temporary competence gap. During the period of transition Scotland might be more vulnerable to a range of risks and threats, and hence dependent upon the goodwill and protection of others, most notably the UK. The government of an independent Scottish state would need to take this into account in defining its defence policy and strategy, and in its applications to join international alliances and its establishment of international relationships.
- 1.99 The creation of independent Scottish defence capabilities and armed forces would not be as simple as transferring existing units that are primarily recruited or based in Scotland, Scottish bases and facilities, or a proportion of existing assets. This would not create in any sense a coherent, credible or balanced force fit for the challenges an independent Scottish state would face. Many critical functions could not be split, including command and control, logistics support, and equipment procurement capabilities that are mostly located outside Scotland.
- 1.100 In the event of a vote for independence, an independent Scottish state would continue to face threats to its national security including those that might require actions beyond its borders. Even with all of the capabilities and relationships at its disposal, it is difficult for the UK to counter the wide range of disparate and fast-moving threats that it faces today. An independent Scottish state, as a much smaller state, would find this an even greater challenge.
- 1.101 A briefing paper published in April 2012 by the Royal United Services Institute concluded that: "In a world in which the security of states is increasingly interdependent, it is hard to imagine why the prospect of having independent armed forces would, in itself, be a good reason to support independence. Some might think that the disruption

involved in military breakup will just have to be borne in pursuit of other, wider, benefits of independence. Others might feel that such complications strengthen the case for maintaining a defence and security union that has served Scotland well.”<sup>96</sup>

- 1.102 The UK Government’s firm belief is that Scotland’s defence is best served by being part of the UK, with a fully integrated, UK-wide approach; and that the defence of the UK as a whole benefits from Scotland’s contribution as part of it.

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<sup>96</sup> *The End of an ‘Auld Sang’ Defence in an Independent Scotland - Briefing Paper by Professor Malcolm Chalmers, Royal United Services Institute, April 2012.*



## Chapter 2

# Security and influence through international alliances and relationships

Defence is a co-operative business. To counter threats in today's fast-changing and globalised world, the UK works with allies and partners to uphold the international system upon which its security and prosperity depends.

The security of the UK, including Scotland, is served by the UK's established position within the international system, and its longstanding alliances and partnerships, which mean that it is well placed to exercise global influence in support of its national interests.

The UK's influence is underpinned by the reputation and effectiveness of its armed forces, and its willingness to use them to uphold the security of the international system.

In the event of a vote for independence, in the eyes of the world and in law, Scotland would become an entirely new state. As a new state, it would have to build new relationships and would be required to apply to and / or negotiate to become a member of whichever international organisations it wished to join.

All 28 NATO Allies would need to approve an independent Scottish state's application to join the Alliance. The SNP's policy position, to seek membership of NATO while opposing NATO's Strategic Concept, undermining the collective defence of NATO Allies, would represent a significant complication.

As a much smaller state, heavily reliant for its defence and security on the goodwill of its allies and partners, particularly the UK, an independent Scottish state would have less rather than more choice in the conduct of its international affairs.



- 2.1 The UK's defence both requires and benefits from having a strong network of international alliances and relationships. This includes traditional NATO Allies, as well as other partner states such as India, Japan and the Gulf states. The global nature of the threats outlined in Chapter 1 can only be countered by a collective and collaborative international response; adopting an isolationist defence strategy is not a credible option. With the single exception of Switzerland, all Western European states, to a greater or lesser extent, participate in collective defence and security organisations through multilateral institutions such as NATO and the EU, and most, including Switzerland, contribute to UN peacekeeping operations.
- 2.2 In a world characterised by growing interconnectedness and interdependence among states, the UK's established position within the international system ensures that it is able to exercise real influence in the design of collective responses to shared threats. This represents an important advantage, increasing the likelihood of developing satisfactory solutions where the UK's national security, prosperity or social well-being might be at risk, and bringing to bear collective resources beyond those which the UK could provide on its own.
- 2.3 The UK's presence at the top table of international affairs can be attributed to a number of factors: its permanent membership of the UN Security Council; its position as one of the largest global economies; its leading membership of NATO and the EU; the scale of its investment in defence and security; and its political willingness to engage internationally. The outstanding, world-wide reputation of the UK Armed Forces is also an important factor underpinning relationships with a wide range of allies and partners who are keen to be associated with them. This reputation has been forged over centuries, but in today's fast-moving and competitive world, its maintenance requires constant attention and investment.
- 2.4 The UK's network of international relationships directly enhances national defence and security by providing access to the military capabilities of other nations, and by enhancing UK capability development through international cooperation on research, development, procurement and training. In today's challenging economic climate, the benefits and efficiencies available from international cooperation are more important than ever. These relationships also offer the potential for more indirect benefits, including through defence exports which help to sustain UK industry and make an important contribution to national prosperity.

## UK defence reputation

- 2.5 The UK's longstanding relationships with many nations and the reputation of the UK Armed Forces are areas of comparative national advantage in a competitive modern world. The UK's mutually beneficial relationships with countries with common security concerns and strategic interests are often facilitated by shared history, language, and culture. Defence ties are an important component of more broadly based international relationships which offer advantages to the UK's security and prosperity. This includes, for example, well established relationships with the other countries in the Five Eyes intelligence sharing community (US, Canada, Australia and New Zealand) as well as the contributions of Commonwealth personnel who continue to serve in and enhance the UK Armed Forces. These links continue to provide real benefits, such as access to overseas training sites to prepare UK troops for overseas operational deployments. The UK's relationships with countries around the globe also have great significance in today's world and are often underpinned by the historic ties of their armed forces.

- 2.6 The historical development of the UK Armed Forces alongside those of the Commonwealth means that many countries have modelled their armies and navies on the UK's, and look to replicate its standards, doctrine and training methods. This shared history, and the common understanding and culture that derive from it, underpin strong and enduring defence ties in peacetime, while also providing a sound basis for working together effectively in times of crisis.
- 2.7 While historical ties can facilitate access and underpin relationships, this is not sufficient in today's world. The success of the UK Armed Forces in widespread defence engagement rests upon their reputation as experienced, professional and sophisticated fighting forces. This credibility cannot be taken for granted, and requires continual investment.

## Commitments to alliances

- 2.8 The UK is committed to the success of the three major institutions with a role in international security of which it is a member (the UN, NATO and the EU) and is one of the largest contributors in terms of personnel, resources and leadership to missions and operations.
- 2.9 NATO has been the most successful and powerful security alliance for over 60 years, making an important contribution to the peace and prosperity of Europe and the wider world throughout the Cold War, and since. As an Alliance of 28 democracies, it is a unique forum for transatlantic dialogue and action. NATO has proved its ability to launch and sustain complex joint operations in a way that no other alliance can, and through the pooling of Alliance resources provides the best and most flexible way to ensure collective defence and security.
- 2.10 NATO is the bedrock of UK defence and the UK plays a leading part in it. In 2011 the UK was the second largest military spender in the Alliance after the US, and was one of only three member states which met the Alliance target of spending the equivalent of 2 per cent or more of GDP on defence.<sup>97</sup>
- 2.11 The UK also makes a major contribution to the Alliance through the military personnel and capabilities it makes available and its willingness to deploy them. The UK's contributions to NATO and its influence are reflected in the number of key military posts occupied by the UK within NATO's command structure, including the posts of Deputy Supreme Allied Commander Europe, Commander of NATO's Maritime Command HQ at Northwood in Middlesex and the Chief of Staff post in Allied Command Transformation in the US, as well as senior and influential positions in the chain of command on NATO operations and NATO's force structure, including the Commander of the Allied Rapid Reaction Corps.
- 2.12 The UK has been a strong advocate for modernisation and reform in NATO and the EU to ensure efficiency and operational effectiveness. The UK has promoted a joined-up approach to conflict prevention and resolution through the EU Common Security and Defence Policy (CSDP), and led the case for a reformed NATO command structure. The UK continues to lead the argument for the reform of NATO HQ and its working practices in order to deliver greater efficiency and value for money. In pressing for such reforms, the UK, through its delegation in NATO HQ, is better placed to ensure that the investment it makes provides value for money for the UK, and to hold other nations to account for providing resources to meet collective requirements.

<sup>97</sup> *United Kingdom Defence Statistics 2012 Chapter 1 – Finance (Release 2)*, Ministry of Defence, 6 February 2013.

## UK contributions to EU missions

The UK currently has some 250 staff seconded or contracted on over ten EU missions or operations including providing the operational headquarters for the EU's counter-piracy Operation ATALANTA. This includes military personnel deployed to the EU training mission in Somalia, which is designed to enhance Somali forces' ability to defeat Al-Shabaab terrorists. The UK is engaged in this operation to reduce the terrorist threat to the UK emerging from Somalia. The UK has influenced the mission to ensure that training has been focused on middle-ranking officers and specialists in order that the EU's activities should complement rather than duplicate those of other partners in country. The UK also contributes officers including the operational commander to Operation ALTHEA, a rapid reaction force in Bosnia-Herzegovina to respond to inter-communal violence and prevent bloodshed on the EU's doorstep. The UK is engaged, to save lives, and to maintain broader European regional security.

- 2.13 The UK makes a significant contribution to UN peacekeeping and is one of the top five financial contributors, paying around £365 million in assessed contributions in 2011/12. This amounts to nearly 7 per cent of the total peacekeeping budget. The UK also contributes nearly 270 military personnel to UN peacekeeping operations, as well as providing police and civilian experts.
- 2.14 The UK Government judges that it is firmly in the UK's national interest to retain its permanent membership of the UN Security Council, and to be an active member of NATO and the EU CSDP. This provides the UK with the means to do more for less on the international stage, and to draw on collective security capabilities to boost UK national security. This includes the UK receiving the full collective security guarantees of Article 5 of the North Atlantic Treaty and Article 42 of the Treaty on the European Union (Lisbon Treaty).

### Article 5 of the North Atlantic Treaty

"The Parties agree that an armed attack against one or more of them in Europe or North America shall be considered an attack against them all and consequently they agree that, if such an armed attack occurs, each of them, in exercise of the right of individual or collective self-defence recognised by Article 51 of the Charter of the United Nations, will assist the Party or Parties so attacked by taking forthwith, individually and in concert with the other Parties, such action as it deems necessary, including the use of armed force, to restore and maintain the security of the North Atlantic area. Any such armed attack and all measures taken as a result thereof shall immediately be reported to the Security Council. Such measures shall be terminated when the Security Council has taken the measures necessary to restore and maintain international peace and security."<sup>98</sup>

### Article 42 of the Treaty on the European Union (Lisbon Treaty)

"if a Member State is the victim of armed aggression on its territory, the other Member States shall have towards it an obligation of aid and assistance by all the means in their power" although it is clear that "commitments and cooperation in this area shall be consistent with commitments under the North Atlantic Treaty Organisation, which, for those States which are members of it, remains the foundation of their collective defence"<sup>99</sup>.

<sup>98</sup> North Atlantic Treaty, Washington D.C., 4 April 1949.

<sup>99</sup> Treaty on the European Union (The Lisbon Treaty), 5 September 2008.

2.15 In both NATO and EU CSDP, the more investment a nation puts in, the more benefits it can draw out. By providing high levels of resources the UK is well placed to influence both organisations' decision-making and outputs to ensure the UK's national security interests are considered. This increases the possibility of the UK being able to bring coalition resources to bear on problems that it could not hope to solve on its own, for the benefit of UK national security objectives. Examples are the leadership that the UK has shown on counter-piracy operations and in driving calls for action and convincing other NATO nations, particularly the US, to support UK-French proposals with military assets in Libya in 2011.

## UK international defence engagement

- 2.16 In addition to supporting alliances and multi-national organisations, international defence engagement activities help to develop strong and beneficial bilateral relationships to achieve UK objectives. The scope of international defence engagement includes: treaties and alliances; senior level visits; defence attachés; civilian defence advisors; loan service personnel; overseas exchange and liaison officers; overseas training teams; security sector reform; international defence training; conventional deterrence and reassurance; overseas joint exercises; ship, unit and aircraft visits; and support to UK defence sales and international defence industry cooperation.
- 2.17 International defence engagement activities enhance the UK's security by developing productive relationships and building and strengthening alliances. This allows the UK to better defend itself and its Overseas Territories, and to protect UK citizens abroad by: securing international support for UK military tasks; building contributions to and political support for current and future UK operations; and encouraging cooperation from overseas governments for the protection of UK citizens in times of crisis. As a result of the trust and reputation it has developed with many nations, the UK is better placed to influence other nations' defence and security policies to complement its own, and tackle threats when they do emerge. This includes through building the defence and security capability, capacity and will of other nations to prevent conflict and provide security overseas.
- 2.18 Underpinning these activities are the reputation of the UK Armed Forces, historical connections and the UK's network of alliances and relationships. A global network of defence attachés and civilian defence advisors operate from over 70 Embassies and High Commissions around the world, working with over 150 countries. This network enhances situational awareness and early warning of imminent or emerging threats and facilitates the identification of opportunities to advance the UK's security or prosperity interests, or to enhance its influence. It can provide the UK with unique access in countries where the military plays an important role in the state, and where military-to-military dialogue can play an important role in encouraging democratisation and respect for the rule of law. Maintaining the international profile of UK defence capability also plays an important deterrent role; demonstrating the UK's military assets and its political will to use them in support of national interests.
- 2.19 Delivering international defence training is an area of niche advantage for the UK, and the professional reputation of the UK Armed Forces ensures that there is great demand from strategic partners. The UK provides over 80 different education and specialist training courses across the full spectrum of military activity. In 2012, nearly 230 foreign students from 75 countries attended flagship courses in the UK such as the Royal College of Defence Studies, the Advanced Command and Staff Course and initial officer training at world famous institutions such as Dartmouth, Sandhurst and Cranwell. The

influence that the UK can derive from this training is very significant; as a single example, 13 current Chiefs of Defence are graduates of the Royal College of Defence Studies. The UK Armed Forces also deliver a significant amount of training overseas, including to over 14,000 African military personnel for peacekeeping missions since 2003; and currently in Afghanistan where the UK is constructing the future Afghan National Army Officer Academy in Kabul, modelled on Sandhurst, which when fully operational will train up to 1,500 students a year.

- 2.20 These activities are not merely altruistic. International defence training assists host nations to identify and mitigate potential threats at source and therefore prevent them from affecting UK interests downstream. Training increases understanding of foreign militaries with whom the UK Armed Forces may work with on future operations; and exposure to UK values can change perceptions and lead to the establishment of a longstanding favourable impression of the UK Armed Forces not just from those who attend training, but also their colleagues and associates. Training can also assist with fostering personal bonds with individuals who often achieve senior rank in their own militaries, which can help shape decisions, change the course of international events, or give the UK preferred partner status.

### UK-US defence engagement

- 2.21 The UK's defence relationship with the US remains critically important to its approach to national security and through a range of treaties, exchange programmes and shared activities the UK continues to be well-placed to understand and exert influence over US strategic thinking. This delivers immeasurable benefits in terms of access to military technology, capabilities, joint training and research outputs.

#### UK capability benefits from US relationship

The UK and US are developing a refreshed programme of defence cooperation, focussing on areas of mutual benefit such as carrier strike, cyber, space, science and technology, defence education, intelligence, and advanced weapons. The scale, breadth and importance of the relationship are reflected in the fact that over 750 UK defence personnel are currently serving in the US. The UK has privileged access to US capability, funded by a budget of some \$700 billion a year, and derives certain capabilities – for example, space and 5th generation fast jets – exclusively from its relationship with the US. The US-UK Defence Trade Cooperation Treaty, in force since April 2012, improves access to US equipment for UK front line troops, increasing operational flexibility, enhancing long-term interoperability between UK and US forces and providing a mechanism for UK and US industry to develop new capabilities together. The UK and US collaborate on 22 defence equipment programmes including the Joint Strike Fighter programme and the replacement for the Vanguard Class ballistic missile submarines.

### UK-French defence engagement

- 2.22 The bilateral relationship between the UK and France was reinvigorated by the 2010 Treaty on Defence and Security Cooperation (Lancaster House Treaty) covering military, equipment and capability cooperation. A Combined Joint Expeditionary Force is being established and will be ready in 2016, providing a joint UK/French capability, including a deployable force headquarters, which can be used for UN, NATO, EU or coalition-led operations. This builds on lessons learned from the campaign in Libya and the French intervention in Mali, and has already been tested with a maritime and amphibious exercise in the Mediterranean last year. The UK and France are working together to



improve interoperability and reduce equipment acquisition costs. A comprehensive portfolio of projects includes cooperation on complex weapons, A400M / Atlas transport aircraft support, submarine technologies, maritime mine counter-measures, satellite communications, unmanned aerial systems, and research and technology.

## Intelligence sharing

- 2.23 A critical enabler for all UK defence and security tasks is the provision of classified intelligence to inform decision-making on long-term strategic issues in addition to operational and tactical activities. The UK benefits from essential bilateral intelligence sharing arrangements with the US which gives the UK access to US satellite imagery and signals intelligence, without which UK security at home and the UK's ability to operate overseas would be severely curtailed. FCO evidence to the Foreign Affairs Committee on UK-US relations stated that "the closeness of this intelligence relationship allows us to extend our own national capabilities in ways that would not otherwise be possible, and is invaluable."<sup>100</sup>
- 2.24 The UK is also a member of the Five Eyes community, which also includes the US, Australia, Canada and New Zealand. This is an unprecedented and unparalleled information and communications sharing agreement, which gives the UK access to intelligence covering a global reach which it could not replicate unilaterally. The community ensures that, collectively, member nations have a global intelligence view which better enables them to counter or prevent security threats wherever they are.

### Five Eyes

The Five Eyes intelligence sharing arrangement started as a bilateral agreement between the US and UK in 1946, but has expanded to include Australia, Canada and New Zealand. It works on the basis of reciprocation and trust. Membership is predicated upon: shared defence and security objectives; adequate security and information protection mechanisms to satisfy partner nations; and, crucially, the ability to contribute valued and high-quality intelligence material in return. Intelligence gathered through this arrangement has undoubtedly contributed to the UK's national security, and has saved countless lives.

## Defence support to UK prosperity

- 2.25 In addition to the direct defence and security benefits, defence engagement activities support UK prosperity. This includes the promotion of UK defence and security sector exports as a coherent and supportive part of the UK's bilateral relationships in line with regional stability interests. Activities include technological and industrial cooperation, and the pursuit of economic opportunities through defence sales.
- 2.26 The UK Trade and Investment (UKTI) network, which has offices in 169 locations across 100 countries, provides support to industry and defence exports by providing local knowledge and contacts to enable UK businesses to flourish in growth markets, such as Turkey, Mexico, Brazil and India<sup>101</sup>, and attract inward investment and jobs to the UK that might otherwise go elsewhere. Support is also provided by MOD Head Office, including senior officials, Service Chiefs of Staff and Defence Ministers who promote UK defence

<sup>100</sup> *Global Security: UK-US Relations*, Foreign Affairs Committee Sixth Report of Session 2009–10.

<sup>101</sup> *National Security through Technology: Technology, Equipment, and Support for UK Defence and Security (Cm 8278)*, Ministry of Defence, February 2012.

capabilities and industry to foreign counterparts when appropriate, including through high-level visits overseas and via demonstrations of UK capabilities at international trade events. A recent example of this approach coming to fruition is the order from Oman in late 2012 for 12 Typhoon and 8 Hawk aircraft which will help sustain some 6,000 high technology and engineering jobs at BAE Systems sites across the UK and over 30,000 more across the broader defence supply chain.

- 2.27 The UK's defence relationships are a key factor in the UK's ability to export to countries in the Middle East and India (the biggest importers of UK defence equipment). In addition to the equipment itself, many nations are often attracted by the offer of a holistic package including access to training and support that the UK can provide.

## An independent Scottish state's international relationships

- 2.28 The SNP's Foreign, Security and Defence Policy Update<sup>102</sup> confirmed its acceptance of the importance of a cooperative approach to defence and security, and of the need to be prepared to use military means to uphold the stability of the international system. It stated that in the event of a vote for independence the "Scottish armed forces will be focused on territorial defence, aid to the civil power and also support for the international community", but also that "Scotland will be a full member of the Common Security and Defence Policy (CSDP) of the European Union and the Organisation for Cooperation and Security in Europe (OSCE)" and "will provide deployable capabilities for United Nations sanctioned missions and support of humanitarian, peacekeeping and peace-making Petersberg Tasks".<sup>103</sup>
- 2.29 The policy update marked an important shift in the SNP's longstanding policy stance of opposition to NATO membership, stating that an "SNP Government will maintain NATO membership subject to an agreement that Scotland will not host nuclear weapons and NATO takes all possible steps to bring about nuclear disarmament as required by the Nuclear Non Proliferation Treaty of which all its members are signatories, and further that NATO continues to respect the right of members to only take part in UN sanctioned operations". This was preceded by the statement that "a sovereign SNP government will negotiate the speediest safe transition of the nuclear fleet from Faslane".<sup>104</sup>
- 2.30 The first paper in the UK Government's Scotland analysis series concluded that on the international stage the UK's membership of key organisations (including the EU and NATO) would be largely unaffected by Scottish independence; but as a new state, an independent Scottish state would be required to apply and / or negotiate to become a member of whichever international organisations it wished to join.<sup>105</sup>
- 2.31 The paper concluded that the position on the EU is particularly significant and complex. For an independent Scottish state, negotiations would be needed. Rather than being purely a matter of law, the mechanism for an independent Scottish state to become a member of the EU would depend on the outcome of negotiations and on the attitude

<sup>102</sup> *Foreign, Security and Defence Policy Update*, Scottish National Party, October 2012.

<sup>103</sup> The "Petersberg Tasks" are part of the EU Common Security and Defence Policy and are included in the Treaty on European Union (Article 17) and The Treaty of Lisbon. They cover: humanitarian and rescue tasks; conflict prevention and peace-keeping tasks; tasks of combat forces in crisis management, including peacemaking; joint disarmament operations; military advice and assistance tasks; and post-conflict stabilisation tasks.

<sup>104</sup> *Foreign, Security and Defence Policy Update*, Scottish National Party, October 2012.

<sup>105</sup> *Scotland analysis: Devolution and the implications of Scottish independence (Cm 8554)*, HM Government, February 2013.



of the EU institutions and other Member States. It is likely to be a process requiring unanimity across all Member States of the EU. Since an independent Scottish state would be a new state, there is a strong case that it would have to go through some form of accession process to become a member of the EU. EU membership will be explored in a further Scotland analysis paper.

- 2.32 Similarly, in April 2013, NATO confirmed that it would not expect a declaration of independence by Scotland to impact UK membership of NATO, but an independent Scottish state would need to apply for membership.<sup>106</sup> If the government of an independent Scottish state decided that it wanted to be a member of NATO, the North Atlantic Council, on which all 28 member states are represented, would need to agree unanimously that it met the criteria for membership.<sup>107</sup>
- 2.33 An independent Scottish state would be expected to contribute to each of the core tasks defined in NATO's Strategic Concept. This includes not just collective territorial defence, but also crisis management and cooperative security within and beyond the Euro-Atlantic area. Acceptance into NATO would therefore depend on an independent Scottish state demonstrating that it had both the political will and the military capabilities to make a contribution, alongside others, to addressing shared security challenges at home and abroad.

### NATO's Strategic Concept<sup>108</sup>

NATO's Strategic Concept, endorsed by the Heads of State of its 28 member nations at the 2010 Lisbon Summit, states that "the door to NATO membership remains fully open to all European democracies which share the values of the Alliance; which are willing and able to assume the responsibilities and obligations of membership, and whose inclusion can contribute to common security and stability". This includes contributing to NATO's three core tasks:

- **Collective defence.** NATO members have reaffirmed their firm and binding commitment that they will always assist each other against attack, in accordance with Article 5 of the Washington Treaty<sup>109</sup>.
- **Crisis management.** NATO will actively employ its mix of political and military tools to help manage developing crises that have the potential to affect Alliance security before they escalate into conflicts, to stop conflicts where they affect Alliance security, and to help consolidate stability in post-conflict situations where that contributes to Euro-Atlantic security.
- **Cooperative security.** The Alliance will engage actively to enhance international security, through partnership with relevant countries and other international organisations; by contributing actively to arms control, non-proliferation and disarmament; and by keeping the door to membership in the Alliance open to all European democracies that meet NATO's standards.

<sup>106</sup> *Scottish independence: Alex Salmond 'certain' on NATO membership*, <http://www.bbc.co.uk/news/uk-scotland-scotland-politics-22089955>, BBC News Scotland, 10 April 2013.

<sup>107</sup> Further details on the requirements for NATO membership and the accession process can be found here: [www.nato.int/cps/en/natolive/topics\\_49212.htm](http://www.nato.int/cps/en/natolive/topics_49212.htm)

<sup>108</sup> *Active Engagement, Modern Defence: Strategic Concept for the Defence and Security of Members of the North Atlantic Treaty Organisation*, NATO, November 2010.

<sup>109</sup> North Atlantic Treaty, Washington D.C., 4 April 1949.

- 2.34 The SNP's condition for an independent Scottish state's possible membership of the Alliance that "NATO continues to respect the right of members to only take part in UN sanctioned operations", taken together with its policy on nuclear weapons (see below) could make negotiations over the acceptance of an independent Scottish state into the Alliance extremely complex. Commenting on the SNP policy update in October 2012, Lord Robertson, a former NATO Secretary General, stated: "it simply said that it would join NATO, but on its terms - terms that would be unacceptable to the alliance".<sup>110</sup> An independent Scottish state's membership could be vetoed unless it were prepared to compromise.
- 2.35 Any application by an independent Scottish state to take part in intelligence sharing relationships would also be subject to agreement of the existing parties. For instance, at a Ditchley Foundation conference in June 2013, experts appear to have been of the view that an independent Scottish state would be unlikely to be automatically accepted into the Five Eyes community; it would have to earn the trust of the other members and that could take many years.<sup>111</sup>

## NATO membership and SNP policy on nuclear weapons

- 2.36 NATO's Strategic Concept commits the Alliance to the goal of creating the conditions for a world without nuclear weapons – but reconfirms that, as long as there are nuclear weapons in the world, NATO will remain a nuclear Alliance. This position was confirmed in NATO's Deterrence and Defence Posture Review, endorsed by all 28 NATO Allies, which concluded in May 2012 that "NATO must have the full range of capabilities necessary to deter and defend against threats to the safety of its populations and the security of its territory, which is the Alliance's greatest responsibility" and that "the supreme guarantee of the security of the Allies is provided by the strategic nuclear forces of the Alliance, particularly those of the United States; the independent strategic nuclear forces of the United Kingdom and France, which have a deterrent role of their own, contribute to the overall deterrence and security of the Allies".<sup>112</sup>
- 2.37 All NATO nations, whether they possess nuclear weapons or not, are required to subscribe to NATO's Strategic Concept. Although only three NATO nations have nuclear weapons of their own (the US, UK and France), a number of other Allies host elements of NATO's nuclear capability on their sovereign territory in peacetime; and 27 out of the 28 nations participate in the NATO Nuclear Planning Group (the remaining nation, France, is a nuclear power). The SNP's stated policy on the UK's nuclear deterrent capability is therefore problematic, and its opposition to nuclear weapons in the round is inconsistent with NATO's Strategic Concept.
- 2.38 An insistence on the removal of the UK's strategic nuclear deterrent from Scotland would likely cause significant problems for Scotland in developing its international relationships on a bilateral as well as a multilateral basis. The Henry Jackson Society think-tank has commented that "Unlike the anti-nuclear stance of some existing NATO members (such as Norway, whose stance is held largely in principle), the SNP's policy would have very real practical implications. Especially problematic are: the SNP's commitment to the unilateral divestiture of Trident from Scotland, without agreement from other NATO allies; its opposition to nuclear-armed vessels docking in Scottish ports, a position held

<sup>110</sup> House of Lords Hansard Column GC56, 24 Oct 2012.

<sup>111</sup> *Scotland couldn't waltz into the world's clubs*, The Times, 18 June 2013, <http://www.thetimes.co.uk/tto/opinion/columnists/article3793564.ece>

<sup>112</sup> *Deterrence and Defence Posture Review*, NATO, 20 May 2012.

by no other NATO country; and the possibility of its demands resulting in the unilateral disarmament of another NATO member: the UK.”<sup>113</sup> Similarly, the Scotland Institute think-tank concluded that “IS [Independent Scotland] would have to carefully navigate the diplomatic issues related to joining NATO. If negotiations between r-UK [the rest of the UK] and Scotland were deeply problematic, the Alliance would be apprehensive towards importing r-UK and IS acrimony into the organisation. A likely dispute over Trident would also make accession tricky.”<sup>114</sup>

- 2.39 Even if nuclear weapons were to be removed from Scotland, the House of Commons Scottish Affairs Committee has suggested that it could take more than 20 years to identify and develop a new base elsewhere at significant cost.<sup>115</sup> As examples of the potential complexity of these negotiations, Russia’s Black Sea fleet was due to relocate in 2017 from Sevastopol in Ukraine to Russia’s Novorossiysk port, but was granted a 25-year extension in 2010, while the Royal Navy retained access to three Irish ‘treaty ports’ for 17 years after the establishment of the Irish Free State in 1921.
- 2.40 The UK Government has made it clear that it is not planning for Scottish independence. If the result of the referendum were to lead to the current situation being challenged, then options would be considered, but any alternative solution would come at huge cost. It would be an enormous exercise to reproduce the facilities elsewhere. It would cost billions of pounds and take many years. Furthermore, if the nuclear deterrent had to relocate, then so would the whole of the submarine enterprise, including the Royal Navy’s attack submarines and the submarine centre of excellence.<sup>116</sup> This would have a major impact upon the sustainability of the naval base at Faslane, which is the biggest employment site in Scotland with 6,700 military and civilian jobs, increasing under current UK Government plans to 8,200 by 2022. In its assessment of the SNP’s defence policy proposals, the Henry Jackson Society think-tank commented that “While the SNP propose stationing the Scottish Navy in place of the Trident fleet, that would be unlikely to generate more than 1,000 jobs.”<sup>117</sup> The 2010 cross party submission to the UK Strategic Defence and Security Review from the Scottish Government and the main Scottish party leaders concluded that Her Majesty’s Naval Base Clyde “provides a significant skills base in the area and is a significant employer”<sup>118</sup>. With personnel numbers and MOD infrastructure investment increasing, the importance of the facility to Scotland as an employer and skills base is also strengthening.

## Scotland and its neighbours

- 2.41 The SNP’s Foreign, Security and Defence Policy Update recognised Scotland’s “national responsibilities as a northern European nation to work with our neighbours to fulfil current defence and security responsibilities and improve collective regional arrangements”.<sup>119</sup> Considerable emphasis has been placed on security issues arising

<sup>113</sup> *In Scotland’s Defence? An Assessment of SNP Defence Strategy* by George Grant, Henry Jackson Society, July 2013.

<sup>114</sup> *Defence and Security in an Independent Scotland*, The Scotland Institute, June 2013.

<sup>115</sup> *The Referendum on Separation for Scotland: Terminating Trident-Days or Decades?*, House of Commons Scottish Affairs Committee Fourth Report of Session 2012-13, 25 Oct 2012.

<sup>116</sup> *The Referendum on Separation for Scotland: Terminating Trident – Days or Decades?: Government Response to the Committee’s Fourth Report of Session 2012-13*, House of Commons Scottish Affairs Committee, 9 January 2013.

<sup>117</sup> *In Scotland’s Defence? An Assessment of SNP Defence Strategy* by George Grant, Henry Jackson Society, July 2013.

<sup>118</sup> *The UK Strategic Defence and Security Review 2010: A cross party submission from Scottish Government and the main Scottish party leaders*.

<sup>119</sup> *Foreign, Security and Defence Policy Update*, Scottish National Party, October 2012.

from environmental changes in the Arctic or High North which, it has been suggested, would receive greater focus in the defence policy of an independent Scottish state. In fact, the UK takes a very close interest in developments in the High North, given its role within the NATO Alliance and the Northern Group, the strategic importance of its energy relationship with Norway and its interest in the freedom and safety of navigation.

### The UK and the High North

The UK enjoys observer status on the Arctic Council and is an active member of the Arctic Security Forces Roundtable, which promotes security co-operation in the region on issues such as situational awareness and search and rescue. The UK maintains a credible cold weather war fighting contingent capability vested in 3 Commando Brigade Royal Marines, and the UK Armed Forces participate regularly in exercises within the region. For example, in March 2012, HMS ILLUSTRIOUS, HMS BULWARK, HMS LIVERPOOL and around 3,000 Royal Marines took part in Exercise Cold Response, a multinational Norwegian-run exercise for NATO and allied nations north of the Arctic Circle designed to improve and practise high intensity and multi-threat operations in cold weather conditions.

- 2.42 As a result of its extensive engagement in northern Europe, and the scale and potency of its defence capabilities, the UK is seen by countries such as Norway and Denmark as a strategic partner on defence and security. Given the imbalance in likely defence capabilities, it is not clear whether an independent Scottish state would receive an equivalent status while, as with NATO, it would also need to apply for access to regional fora such as the Arctic Council.

## Conclusion

- 2.43 The UK's international position delivers significant benefits for the UK. Strong international relationships allow the UK better to influence allied security agendas, and provide meaningful involvement in shaping plans for operations to which it has assigned national resources and personnel. Cooperation and training helps to develop long-term political and personal relationships that allow the UK to influence other nations' security approaches. The UK's global footprint enhances its ability to identify and exploit opportunities, including boosting UK defence exports which create or sustain jobs in the UK, and gaining early warning of future threats. Formal defence relationships also give the UK access to military and intelligence capabilities, which are much greater than it could provide on its own.
- 2.44 An independent Scottish state would have an important choice to make about its international role, including deciding which relationships to pursue. In order to retain high levels of global influence, it would need to establish its own independent credibility and prove its worth as a defence partner for other nations. This would require a significant investment of resources as partners would expect Scotland to contribute to, as well as draw the benefits from, any relationship whether bilateral or in an alliance such as NATO. The defence forces of an independent Scottish state would of course have their own very proud military history, but they would initially lack the relationships, institutions and structures to capitalise on it, as well as the contemporary credibility to make this count.
- 2.45 Alternatively, an independent Scottish state could decide to have a much smaller defence and international profile, but this would not deliver the same level of protection and security as it currently receives as part of the UK. The consequence of such a decision would be much less influence in bilateral or multilateral relationships than the

UK, and much lower returns from any relationships in terms of security, business or technological exchange.

- 2.46 If Scotland were to leave the UK, it would be less well placed to shape international security agendas and might in future find itself contributing to coalition missions with reduced levels of involvement in the planning or development stages. This includes in relation to intelligence cooperation. It is far from certain that an independent Scottish state would be accepted into the Five Eyes community, and it would cease to benefit from the bilateral UK-US relationship. In effect, this would almost certainly mean Scotland losing access to billions of pounds of world-class military capability and access to vital intelligence material which is essential for maintaining national defence and security.



## Chapter 3

# Opportunities for industry through a single, domestic defence market

The Ministry of Defence spent over £20 billion with UK industry in 2011/12, just under half of which was with the manufacturing sector, providing significant employment opportunities and contributions to national and local economies. Over the 10 years from 2012/13, the UK Ministry of Defence will spend almost £160 billion on new equipment and data systems, and their support.

The defence sector is an important part of Scotland's industry, employing over 12,600 people, but is highly dependent upon domestic defence spending, particularly in the maritime sector. MOD has spent around £1.9 billion on work billed to the programme by BAE Systems on the Clyde and Babcock at Rosyth on the Queen Elizabeth Class aircraft carriers alone, with around 4,000 jobs in the yards directly linked to the programme; and over £300 million of sub-contracts have been placed with Scotland-based companies by the Aircraft Carrier Alliance.

Companies based in an independent Scottish state would no longer be eligible for contracts that the UK chose to place or compete domestically for national security reasons. Where they could continue to compete, they would be pitching for business in an international market dominated by major economic powers.

The UK is the second largest defence exporter in the world after the US, with a 17 per cent share of new global defence export orders, worth £8.8 billion in 2012. This success in a highly competitive market is testament both to the strength and quality of the UK defence industrial base and to the worldwide reputation of the UK Armed Forces; nations want to use equipment that the UK Armed Forces use.

An independent Scottish state would certainly see lower domestic demand for defence goods due to a much smaller budget. It would also lose the support to exports provided by the UK's international defence engagement and facilitated by the UK's global reputation.

The sustainability of the defence industry in Scotland would be a considerable concern in the event of a vote in favour of leaving the UK.



- 3.1 The requirements and activities of the UK Armed Forces generate substantial economic benefits for the UK. Ministry of Defence (MOD) requirements for the production and maintenance of high-end capabilities sustain businesses across the UK. In addition, the fact that the UK Armed Forces have used and proven these capabilities in operational theatres boosts credibility, helps bolster international relationships, and in turn generates demand for exports.

## UK defence industry

- 3.2 Through both domestic orders and international exports, UK defence industry is an important part of the UK's advanced manufacturing base and sustains large numbers of highly skilled, high-value jobs. An ADS Group survey in 2011 estimated that the defence industry totalled sales of over £22 billion (£12.3 billion aerospace, £6.1 billion maritime and £3.7 billion land systems) and directly employed over 107,000 people.<sup>120</sup>
- 3.3 Of the total defence sales of £22 billion estimated in the ADS Group survey, some £11.5 billion were identified as UK domestic sales, with the aerospace (£4.7 billion or 41 per cent) and maritime sectors (£4.8 billion or 42 per cent) making up the bulk and the land sector accounting for the remainder (£2 billion or 17 per cent). These figures give an indication of how significant domestic orders are for the UK defence industry. In particular, from a Scottish perspective, they indicate how dependent the UK's defence maritime industry is on domestic sales, with £4.8 billion or 78 per cent of the total £6.1 billion defence maritime sales generated from UK domestic orders.

## UK defence contracts

- 3.4 Contracts to equip and support the UK Armed Forces are the lifeblood of the UK defence industry. In 2011/12, the MOD spent over £20 billion with UK industry, just under half of which was spent on manufacturing, including weapons and ammunition, data processing equipment, electrical engineering, electronics, precision instruments, motor vehicles and parts, shipbuilding and repairing, and aircraft and spacecraft.<sup>121</sup>
- 3.5 As stated by the Secretary of State for Defence in his announcement to the House of Commons in May 2012 on the defence budget and transformation, over the 10 years from 2012/13 the Ministry of Defence will spend almost £160 billion on new equipment and data systems, and their support.<sup>122</sup> Scotland's defence industry, as part of the UK industry, could expect to benefit from a significant proportion of this investment.
- 3.6 The UK Government's National Security through Technology: Technology, Equipment, and Support for UK Defence and Security White Paper<sup>123</sup> sets out the circumstances where the UK Government would take action to protect the UK's operational advantage and freedom of action. In many cases, the UK Government determines that it is

<sup>120</sup> *UK Defence Survey 2012*, ADS Group, 23 November 2012. The ADS Group is a trade organisation for companies operating in the UK Aerospace, Defence, Security and Space industries. The figures are compiled in a different way to official UK Government exports figures produced by UK Trade and Investment, and the two should therefore not be combined..

<sup>121</sup> *Annual Statistical Series 1, Finance Bulletin 1.01, Trade Industry & Contracts 2013*, Ministry of Defence, 1 August 2013.

<sup>122</sup> Secretary of State for Defence statement on Defence Budget and Transformation, House of Commons Hansard Column 263, 14 May 2012.

<sup>123</sup> *National Security through Technology: Technology, Equipment, and Support for UK Defence and Security (Cm 8278)*, Ministry of Defence, February 2012.

appropriate to source the aspects of capability it needs for the UK's freedom of action or operational advantage only from within the UK.

- 3.7 EU procurement law is designed to open up public procurement to competition among all suppliers in the EU, effectively preventing 'buy national' policies. There is, however, a well established exception to this position that permits a national procurement procedure. Article 346 of the Treaty on the Functioning of the European Union allows any EU Member State to take measures it considers necessary to protect its essential interests of security with regard to the warlike stores listed in Council Decision 255/58. This encompasses, for example, warships and their specialist equipment, tanks and specialist fighting vehicles, artillery, military aircraft and electronic equipment. It is for EU Member States to define their essential security interests. The UK sets a high priority on retaining the ability to develop and support through their entire life those key military capabilities which enable it to mount operations independently from the UK base. The UK Government is therefore committed to using the Article 346 exemption to retain an industrial capability in the UK to protect its operational advantage or freedom of action where it is strictly necessary for national security.
- 3.8 Although the MOD does not hold information on the amount of procurement spend that is exempt from EU regulations following the application of Article 346 specifically, it does collect data on all exemptions from EU regulations relating to contract expenditure. This data shows that in each of the financial years 2010/11 and 2011/12 between £12 billion and £13 billion (about 63 to 64 per cent of the total expenditure) was exempt from EU regulations.<sup>124</sup>
- 3.9 The MOD also has a science and technology programme worth over £400 million per year, which for reasons associated with operational advantage and maintaining security of supply it chooses to invest within the UK.

## Defence exports

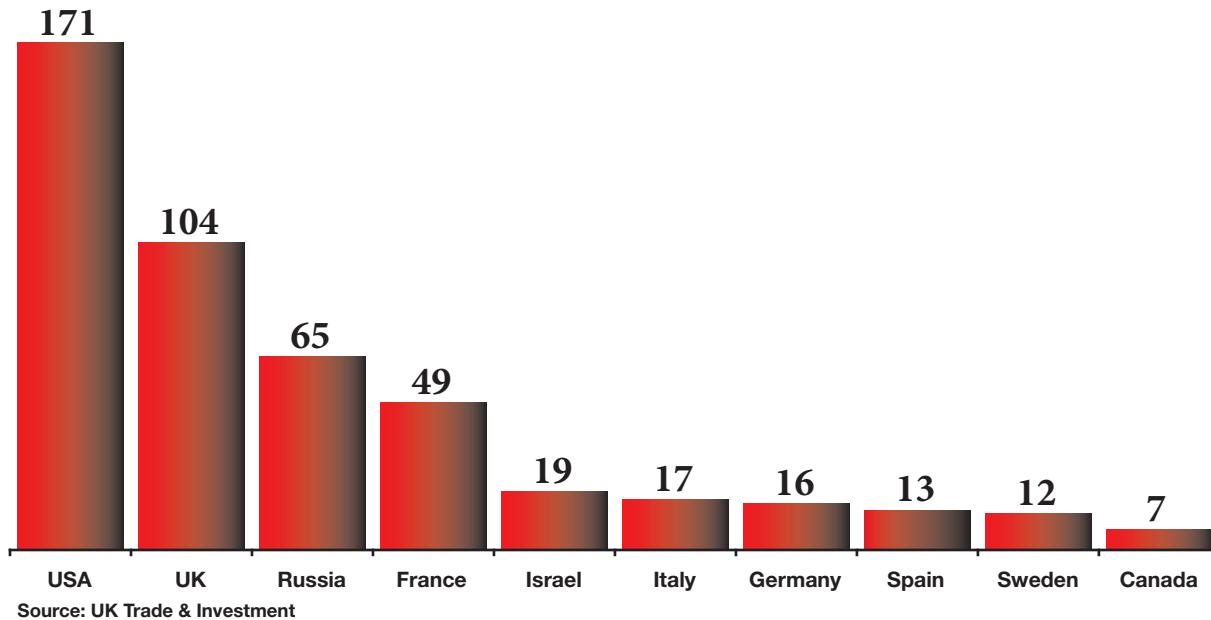
- 3.10 The UK has had great success over many years in international defence exports. According to UK Trade and Investment Defence and Security Organisation figures, in 2012 the UK's share of the global defence market as measured by winning new defence business was 17 per cent, worth £8.8 billion, meaning that the UK maintained its position as the second largest exporter of new defence products and services in the world. The figures also showed that over the 10-year period from 2003 to 2012, the UK was comfortably the second largest defence exporter in the world with exports of more than US\$104 billion, second only to the US and over 62 per cent higher in revenue terms than third-placed Russia, as illustrated below.<sup>125</sup>

<sup>124</sup> Written evidence submitted by the Ministry of Defence to the House of Commons Scottish Affairs Committee inquiry *The Referendum on Separation for Scotland*, July 2012.

<sup>125</sup> *UK Defence and Security Exports 2012*, UK Trade & Investment Defence and Security Organisation, 20 June 2013.



## Top Defence Exporters: 2003 -12 (\$BN)



- 3.11 Exports over the 10-year period were mainly by the aerospace sector (82 per cent), with lower levels by the land (11 per cent) and maritime (7 per cent) sectors.
- 3.12 The UK Government attaches considerable importance to supporting and promoting responsible defence exporting through the whole spectrum of defence engagement activity. Defence exports help to develop, build, and enhance relationships and defence cooperation with key allies; and, by helping other like-minded nations to build up their own defence capabilities, contribute to regional security, thus helping to tackle threats to UK national security closer to their source. Defence exports enhance the interoperability of UK forces with those of allies and partners, and generate substantial economic benefits which are fed back into the UK economy through the tax system.
- 3.13 Defence and security exports can also reduce the costs of programmes to the UK. Export customers can help to spread the costs of fixed assets needed for long-term support and allow the UK to recoup some of its investment by the use of levies. If orders are received early in the development of a capability, then these help to spread the very large costs of research and development over increased production runs and reduce unit costs through economies of scale. Successful exports also improve the long-term viability of UK suppliers, helping to smooth out the impact of fluctuating or limited domestic demand, and potentially ensuring that industrial capabilities that are essential to UK national security are sustained.
- 3.14 As explained in Chapter 2, defence and security are areas in which the US-UK relationship is especially close. The UK has invested considerable resource in understanding and negotiating the regulatory challenges associated with the US defence marketplace. The figure for bilateral defence trade between the UK and US has averaged approximately \$3 billion annually. Alongside this is the collaboration on over 20 defence equipment programmes between the US and UK to aid capability development,

including the UK being the only Tier One partner for the Joint Strike Fighter programme, and work on the replacement for the Vanguard Class ballistic missile submarines.

## Defence industry in Scotland

- 3.15 There is a substantial defence industrial footprint in Scotland, ranging from design, manufacture, assembly and maintenance of complex warships on the Clyde and at Rosyth, to the latest high-tech innovations in aerospace engineering, defence electronics and electro-optical systems in companies based right across Scotland. As part of the UK defence industry, the defence industry in Scotland has a highly skilled workforce and plays a key role in equipping and supporting the UK Armed Forces.
- 3.16 According to Scottish Development International (SDI), which is a joint venture between the Scottish Government, Scottish Enterprise and Highland & Islands Enterprise: “Scotland has a long history of excellence in aerospace, defence and marine and today accounts for ten per cent of the UK industry. Over 800 aerospace, defence and marine companies are based in Scotland and the industry employs nearly 40,000 staff.” In respect of the defence sector specifically, SDI states that: “Scotland plays a key role in the world-wide defence market, employing over 12,600 highly skilled people and boasting annual sales in excess of £1.8 billion a year.”<sup>126</sup> The SDI publication *Scotland: Defence Solutions and Services* lists 185 defence companies in Scotland.<sup>127</sup>
- 3.17 Many of the MOD’s prime contractors have sites in Scotland, including Babcock, BAE Systems, Rolls-Royce, Selex ES, Thales, Raytheon and QinetiQ, which employ very large numbers of people in many areas across the country, thus making significant contributions to local and regional economies.
- 3.18 The 2010 cross party submission to the UK Strategic Defence and Security Review from the Scottish Government and the main Scottish party leaders highlighted that “the defence industry in Scotland is of considerable breadth and depth” and that “aerospace, defence and marine is one of Scotland’s highest value industry sectors”. It noted that the sector “provides high value jobs with average salaries over one third greater than the Scottish manufacturing industry average” and that “there is a growing range of company links to the innovative Scottish SME community in defence-related research”<sup>128</sup>.

<sup>126</sup> Scottish Development International website ([www.sdi.co.uk](http://www.sdi.co.uk)) accessed on 2 August 2013.

<sup>127</sup> *Scotland: Defence Solutions and Services (SE/3466/Dec11)*, Scottish Development International, accessed through SDI website on 2 August 2013.

<sup>128</sup> *The UK Strategic Defence and Security Review 2010: A cross party submission from Scottish Government and the main Scottish party leaders.*

### Ministry of Defence prime contractors with sites in Scotland

**Babcock** directly employs nearly 4,800 people in Scotland, including over 3,100 in its marine and technology division's work at Clyde and Rosyth.

**BAE Systems** employs around 3,600 staff in Scotland, including 3,000 on naval ships mainly at Scotstoun and Govan, but also at Rosyth supporting the assembly of the Queen Elizabeth Class aircraft carriers, as well as employing staff at Hillend and at its regional aircraft division at Prestwick.

**Rolls-Royce** employs over 2,100 people in Scotland in East Kilbride, Inchinnan, Thurso and Dunfermline.

**Selex ES** directly employs over 1,900 people at its Edinburgh site hosting high technology capabilities for defence and security system applications based on airborne radar, advanced laser and electro-optic systems.

**Thales** operates from a number of sites in Scotland, with its principal site in Govan which employs over 700 people across a range of high-tech skills, including night-vision technology and optronics.

**Raytheon** employs more than 500 people in hi-tech engineering and advanced manufacturing jobs at its Glenrothes site. The business has developed strong capabilities in power and control mission systems in defence, national security and commercial markets, and hosts the only silicon carbide manufacturing facility in the UK.

**QinetiQ** employs over 500 people across 11 locations in Scotland, with the majority of staff working from Ministry of Defence sites, including Hebrides and St Kilda, Rona, Applecross, the British Underwater Test and Evaluation Centre and Rosyth.

- 3.19 The shipbuilding industry in Scotland forms a substantial part of the UK's shipbuilding industry and is a major beneficiary of UK defence contracts. According to SDI, about one-third (33 per cent) of all UK shipbuilding takes place in Scotland.<sup>129</sup> Scottish Annual Business Statistics for 2010 showed that Scottish shipbuilding accounted for a significant proportion of total UK output of the industry (40 per cent of turnover and 34 per cent of gross value added); with gross value added in the Scottish shipbuilding sector of £488 million and turnover of £1,415 million.<sup>130</sup> An SQW Consulting study for Scottish Enterprise indicates that of over 800 aerospace, defence and marine sector companies in Scotland, 58 per cent are active in the marine sub-sector. This accounts for over half of employment in the sector and slightly under half of its annual turnover. The same report states that within the defence sub-sector, defence-maritime (naval) accounts for around half of all annual sales (some £872 million), and around 60 per cent of the jobs (some 7,500).<sup>131</sup>
- 3.20 The MOD is, by far, the primary customer for the shipbuilding industry in Scotland, which is structured to be able to meet the capability demands of the Royal Navy. The Scottish shipbuilding industry has played a major part in the successful delivery of the Royal Navy's six Type 45 destroyers: building work and final assembly were carried out

<sup>129</sup> Scottish Development International website ([www.sdi.co.uk](http://www.sdi.co.uk)) accessed on 2 August 2013.

<sup>130</sup> *Scottish Annual Business Statistics*, Scottish Government, 14 September 2012.

<sup>131</sup> *An industry baseline study for the Aerospace, Defence and Marine sector in Scotland - Report to Scottish Enterprise in association with ADS Scotland*, SQW consulting, July 2010.



at the Govan and Scotstoun yards as part of a £5.6 billion procurement programme, which sustained thousands of jobs in the UK maritime sector and at its peak provided employment for up to 4,000 people on the Clyde.

- 3.21 Scottish yards have a major part in building and assembling the Royal Navy's Queen Elizabeth Class aircraft carriers. As at July 2013, the Ministry of Defence had spent around £1.9 billion on work billed to the programme by BAE Systems on the Clyde (around £1.2 billion) and Babcock at Rosyth (about £700 million). More than 2,000 industry jobs at the shipyards on the Clyde and up to 2,000 in Rosyth are directly linked to this programme. Further benefits are generated through the supply chain, and over £300 million of sub-contracts have also been placed with Scottish-based companies by the Aircraft Carrier Alliance. The programme has reinvigorated apprenticeship schemes at shipyards across the UK; in Scotland, BAE Systems employs around 270 apprentices on the Clyde, and Babcock employs over 150 apprentices at Rosyth.
- 3.22 Future MOD plans for complex warships currently include the proposals for the Type 26 Global Combat Ship programme. There are currently about 300 industry jobs in Scotland linked directly to this programme at the BAE Systems Maritime Naval Ships site in Scotstoun working on design, project management and supply chain. Final decisions on the programme, including where the ships will be built will not be taken until the middle of the decade. It is estimated that shipbuilding work on the programme would be worth billions of pounds and support thousands of jobs not just at the shipyard that will build these vessels, but also at suppliers across the UK, including Scotland.
- 3.23 Other than procurement activity undertaken during the World Wars, the UK has not had a complex warship built outside of the UK since the start of the 20th century at least. All the Royal Navy's new complex warships are being built in UK shipyards and the UK Government remains committed to utilising the strengths of UK industry in this specialist and complex area. The MOD has a 15-year Terms of Business Agreement with BAE Systems MNS, giving the company certainty about the UK Government's commitment to a minimum level of capacity in the areas of warship design and build work, including the Type 26, and elements of support covering complex warships. The MOD has a similar 15-year agreement with Babcock Marine in respect of support work for surface warships and submarines.
- 3.24 Other examples of MOD contracts involving work in Scotland include:
- a £25 million order for additional Paveway IV bombs awarded to Raytheon in November 2012, which secured around 300 highly skilled jobs in Glenrothes, as well as sustaining jobs at Raytheon's subcontractors, including Chemring in Ardeer. In total, the MOD awarded contracts worth more than £100 million to Raytheon in 2012, for orders of around 1,600 Paveway IV bombs;
  - work on Typhoon Captor Radar equipment (M-scan and E-scan) being undertaken by Selex ES, estimated to be worth £200 million per annum, with approximately 700 people in Edinburgh working on Typhoon-related projects;
  - a range of optronic and night-vision equipment provided by Thales; and
  - the provision and support of hydraulic equipment from MacTaggart Scott & Company Ltd, worth around £26 million.



## What impact might independence have on defence industry in Scotland?

- 3.25 In the event of a vote in favour of leaving the UK, Scotland would become an entirely new state. Companies based in an independent Scottish state would therefore no longer be eligible for contracts that the continuing UK chose to place or compete domestically for national security reasons; and where they could continue to compete they would be pitching for business in an international market. This would also apply to Scotland-based subsidiaries of UK companies.
- 3.26 The UK Government is committed to using the exemption under Article 346 of the Treaty on the Functioning of the European Union to retain an industrial capability in the UK to protect its operational advantage or freedom of action where it is strictly necessary for national security. If at any time the UK Government were to decide not to apply an Article 346 exemption, it would be obliged to adhere to the rules governing open competition. In these circumstances, if an independent Scottish state were a member of the EU, the UK would be legally obliged not to discriminate on the grounds of nationality and would therefore treat all potential suppliers from EU member states on an equal basis. If an independent Scottish state were not in the EU, suppliers established there would have no right to participate in defence procurements under EU Defence and Security Public Contracts Regulations, although the UK would have discretion to allow such participation. The UK would only do business with suppliers in an independent Scottish state where they demonstrated that they offered best value for money.
- 3.27 The Scottish shipbuilding industry would be particularly affected. As explained above, all the Royal Navy's new complex warships are being built in UK shipyards and the UK Government remains committed to utilising the strengths of UK industry in this specialist and complex area. If a future UK Government were to change this policy and open up such contracts to international competition, then companies in an independent Scottish state would be competing for those contracts along with other international bidders.
- 3.28 The future of the shipbuilding industry in an independent Scottish state might therefore depend on orders from its government and any export orders that it might be able to obtain in the international market. On this, the House of Commons Scottish Affairs Committee has concluded that Scottish shipyards "will have little prospect of winning export work" and that the "needs of any Scottish Navy will be insufficient to maintain capacity"<sup>132</sup> This concern was also expressed in evidence to the Committee by representatives of the Confederation of Shipbuilding and Engineering Unions, who commented that "unless an independent Scottish Government could provide equivalent-type orders, we would be greatly reduced or completely finished as a shipbuilding industry".<sup>133</sup>
- 3.29 Significantly increasing Scotland's share of the global naval ship export market would be very challenging. The existing major naval ship exporting nations are: USA, Korea, Russia, France, Germany, Turkey and the Netherlands. These are likely to be joined soon by Brazil and Japan. Servicing and repair of ships takes place in all of these countries plus Chile, and this list is likely to be joined by the United Arab Emirates. Many of these nations benefit from having significant sized navies of their own, with economies of scale supporting competitiveness in the international market. India, Pakistan and China also aspire to develop their own industries, and would benefit from low production costs in line with their status as developing nations.

<sup>132</sup> *The Referendum on Separation for Scotland: Separation shuts shipyards*, House of Commons Scottish Affairs Committee Seventh report of session 2012-2013, 20 January 2013.

<sup>133</sup> *The Referendum on Separation for Scotland: Separation shuts shipyards*, House of Commons Scottish Affairs Committee Seventh report of session 2012-2013, 20 January 2013.

- 3.30 The UK no longer builds merchant ships on any significant scale, with the bulk of programmes focussed on supplying Royal Navy warship capability. Globally, the shipbuilding sector is dominated by a handful of nations. According to Clarkson Research Services, in 2010 and 2011 collectively China, South Korea and Japan produced over 90 per cent of the world's ships as measured by global ship-building share.<sup>134</sup> Turkey, Spain and Italy are also increasingly competitive, while South Korea is successfully moving into the naval-maritime sector as it demonstrated by winning the contract to build Military Afloat Reach and Sustainability tankers for the MOD in 2012.
- 3.31 While Scotland currently has the workforce and skill base to undertake high-value and highly skilled defence maritime manufacturing contracts, an independent Scottish state could find itself a small player in an international marketplace which is dominated by major economic powers. With the small domestic order book that it would likely have, manufacturing overheads versus revenue are likely to be higher when compared to the major shipbuilding nations that benefit from economies of scale driven by supply to their own sizeable domestic navies (the navies of the US, South Korea, China, Japan and Turkey are in the world's top ten); or to emerging nations such as China, where salaries and other employment liabilities are lower.
- 3.32 The wider defence industry across Scotland would also be affected. The House of Commons Scottish Affairs Committee concluded that the "impact of separation upon the Scottish defence industry will be substantial and distinctively negative. We have been unable to identify any defence supplier or product which will benefit from separation and a large number which will suffer...Those firms or subsidiaries dependent on British Army, RAF or Royal Navy orders under Article 346 of the European Union Treaties (which allow the UK to reserve certain orders to national suppliers) will lose such work, which will be transferred to other parts of the UK. We also recognise that the market offered to defence suppliers in a separate Scotland will be negligible in size compared to that of the United Kingdom as a whole and the joint projects in which it participates."<sup>135</sup>
- 3.33 Similarly, the Scotland Institute think-tank concluded that independence "would threaten Scotland's defence contractors. At worst, this would lead to the dismantling of an industry on which billions of pounds of turnover and thousands of jobs depend. At best, it would require a very proactive defence industrial strategy on the part of a future Scottish government, but even that would be very unlikely to pump in sufficient demand to compensate for lost orders. Further, independence would leave the Scottish defence industry having to compete against outside markets in a way that it currently does not."<sup>136</sup>
- 3.34 There could also be complications for companies in an independent Scottish state in respect of security requirements associated with defence work. In the event of independence, the defence companies in Scotland that are currently certified through the UK's Security Policy Framework to allow them to undertake classified defence work might find their ability to participate in current and future research and procurement programmes complicated by nationality caveats. This is because classified documentation and technologies are often subject to nationality controls (e.g. 'UK Eyes Only' or 'UK/US Eyes Only'), which typically means the material cannot be shared with foreign countries or its nationals. Without the agreement of all parties with ownership over the classified documentation and technologies, the granting of access to an independent Scottish state might not be possible.

<sup>134</sup> *Shipbuilding market overview*, Clarkson Research Services, 17 November 2011.

<sup>135</sup> *The Referendum on Separation for Scotland: How would Separation affect jobs in the Scottish defence industry?*, House of Commons Scottish Affairs Committee Eighth Report of Session 2012-2013, 8 April 2013.

<sup>136</sup> *Defence and Security in an Independent Scotland*, The Scotland Institute, June 2013.

- 3.35 Additionally, defence contractors that work with items or technology of US origin are also covered by undertakings given in accordance with the US International Traffic in Arms Regulations (ITAR), under which any change to an existing US export licence requires US State Department approval. An independent Scottish state would be a third-party country, not covered by existing UK-US ITAR agreements. UK companies would not have authority to transfer items and information that is subject to ITAR licence to their subsidiaries or other companies in an independent Scottish state or to a Scottish national, without US approval, anymore than it could transfer such material to organisations or individuals in other foreign states. Every licence held by companies in Scotland working on ITAR-controlled items would have to be re-approved if Scotland became independent. Additionally, if contractors chose to register as Scottish rather than UK companies, the listing of those companies would also require amendments to existing US-issued licences and Technical Assistance Agreements. Furthermore, as ITAR regulations work on the basis of nationality, employees who chose to adopt Scottish citizenship would be regarded as dual or third country nationals, and US State Department authorisation would also be required to enable such individuals to have continuing access to ITAR-controlled material. Any ITAR-controlled items or technology within UK's defence equipment inventory, which includes a very wide range of items from components on fighter aircraft or ships to military communications equipment, could not be transferred to an independent Scottish state without the approval of US authorities.
- 3.36 There are clearly concerns about the possible implications of independence for the defence industry in an independent Scottish state, including the possible effect on employment in areas that are currently reliant on UK military orders and the ability to win defence related work from foreign governments, as reflected in issues raised by CBI Scotland.<sup>137</sup>

## Conclusion

- 3.37 The scale of UK defence helps to sustain UK defence industry, as well as ensuring it is an important player in the exports market. Many contractors benefit from contracts exempted from international competition for national security reasons. And as part of the UK, Scotland benefits from billions of pounds of MOD contracts placed directly and indirectly with hundreds of companies, which sustain thousands of skilled jobs.
- 3.38 Companies in an independent Scottish state would no doubt continue to make bids for UK defence contracts that were open to international competition, but they would be pitching for business in a competitive international market dominated by the major economic powers and would have to prove their bid was best value for money. They would no longer be eligible for contracts which the UK Government chose to place or compete domestically for reasons of national security. This would be a particular concern for the Scottish shipbuilding industry, as all the UK's complex warships are built in the UK.
- 3.39 Companies in an independent Scottish state could compete for international orders, but in the light of industry figures which show that companies in the UK, including Scotland, currently export relatively little in the maritime sector, and without a strong domestic demand to service Scottish industry and keep overhead costs down, they could struggle to be competitive. They would also lose access to many of the benefits that UK industry currently gains through its extensive defence engagement activities and the

<sup>137</sup> *The Scottish Government's Independence White Paper – issues that business would like it to address*, CBI Scotland, December 2012.

reputation of the UK Armed Forces, which are enablers to the success of UK defence exports.

- 3.40 The sustainability of the defence industry in Scotland would therefore be a considerable concern in the event of a vote in favour of leaving the UK.



# Annex A – UK forces to be deployed for Operation HERRICK October 2013

- A.1 As announced by the Secretary of State for Defence on 10 July 2013, the next roulement of UK forces in Afghanistan is due to take place in October 2013. Around half of these units will form Taskforce Helmand under the command of 7th Armoured Brigade. The remainder will deploy within Helmand and to other locations in Afghanistan – particularly Kandahar and Kabul – as part of the UK’s overall contribution. The forces deploying include those listed below. Units that are primarily recruited in or based in Scotland are highlighted.

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7(th) Armoured Brigade Headquarters and Signal Squadron (207)

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Headquarters 101 Logistics Brigade

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857 Naval Air Squadron

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3(rd) Regiment Royal Horse Artillery

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The Royal Scots Dragoon Guards (Carabiniers and Greys)

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9(th) / 12(th) Royal Lancers (Prince of Wales's)

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Elements of The Queen's Own Yeomanry

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Elements of 5(th) Regiment Royal Artillery

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Elements of 14(th) Regiment Royal Artillery

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Elements of 16(th) Regiment Royal Artillery

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Elements of 32(nd) Regiment Royal Artillery

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Elements of 39(th) Regiment Royal Artillery

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Elements of 47(th) Regiment Royal Artillery

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32 Engineer Regiment

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63 Works Group Royal Engineers

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Elements of 36 Engineer Regiment (Search)

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Elements of 42 Engineer Regiment (Geographical)

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Elements of 101 (City of London) Engineer Regiment (Explosive Ordnance Disposal)

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Elements of 10(th) Signal Regiment

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Elements of 14(th) Signal Regiment (Electronic Warfare)

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Elements of 15(th) Signal Regiment (Information Support)

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Elements of 21(st) Signal Regiment (Air Support)

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Elements of 30(th) Signal Regiment

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Elements of 39(th) (Skinners) Signal Regiment
1(st) Battalion Coldstream Guards
The Highlanders, 4(th) Battalion The Royal Regiment of Scotland
2(nd) Battalion The Royal Anglian Regiment
3(rd) Battalion The Mercian Regiment (Staffords)
Elements of 3(rd) Battalion The Royal Anglian Regiment
Elements of 3(rd) Battalion The Royal Welsh
Elements of 4 Regiment Army Air Corps
Elements of 9 Regiment Army Air Corps
2 Logistic Support Regiment The Royal Logistic Corps
27 Theatre Logistic Regiment The Royal Logistic Corps
Elements of 7 Theatre Logistic Regiment The Royal Logistic Corps
Elements of 11 Explosive Ordnance Disposal Regiment The Royal Logistic Corps
Elements of 29 Regiment The Royal Logistic Corps
Elements of 151 (London) Transport Regiment The Royal Logistic Corps
Elements of 158 (Royal Anglian) Transport Regiment The Royal Logistic Corps
Elements of 162 Movement Control Regiment The Royal Logistic Corps
Elements of 159 Supply Regiment The Royal Logistic Corps
Elements of 148 (Expeditionary Forces Institute) Squadron The Royal Logistic Corps
2 Medical Regiment
202 (Midlands) Field Hospital
203 (Welsh) Field Hospital
2 Close Support Battalion Royal Electrical and Mechanical Engineers
Elements of 7 Air Assault Battalion Royal Electrical and Mechanical Engineers
Elements of 101 Force Support Battalion Royal Electrical and Mechanical Engineers
Elements of 103 (Hybrid) Battalion Royal Electrical and Mechanical Engineers
111 Provost Company Royal Military Police
Elements of 114 Provost Company Royal Military Police
Elements of Special Investigation Branch Regiment Royal Military Police
Elements of The Military Provost Staff Corps
Elements of 1(st) Military Working Dog Regiment
Elements of 1 Military Intelligence Battalion
Elements of 2 Military Intelligence (Exploitation) Battalion
2 (Army Cooperation) Squadron, Royal Air Force
617 Squadron, Royal Air Force
51 Squadron Royal Air Force Regiment
58 Squadron Royal Air Force Regiment
Number 5 Royal Air Force Force Protection Wing Headquarters
Number 2 Tactical Police Squadron, Royal Air Force
Elements of 24 Squadron, Royal Air Force
Elements of 30 Squadron, Royal Air Force

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Elements of 32 (The Royal) Squadron, Royal Air Force

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Elements of 216 Squadron, Royal Air Force

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Elements of 39 Squadron, Royal Air Force

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Elements of 13 Squadron, Royal Air Force

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Elements of 27 Squadron, Royal Air Force

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Elements of 51 Squadron, Royal Air Force

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Elements of 99 Squadron, Royal Air Force

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Elements of 33 (Engineering) Squadron, Royal Air Force

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Elements of 90 Signals Unit, Royal Air Force

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Elements of 1 Air Control Centre, Royal Air Force

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Elements of Tactical Supply Wing, Royal Air Force

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Elements of 1 Air Mobility Wing, Royal Air Force

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Elements of Tactical Medical Wing, Royal Air Force

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Elements of Number 1 Royal Air Force Police Wing

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Elements of Number 2 Royal Air Force Police Wing

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Elements of 2 (Mechanical Transport) Squadron, Royal Air Force

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Elements of 93 (Expeditionary Armaments) Squadron, Royal Air Force

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Elements of Engineering and Logistics Wing, Royal Air Force Odiham

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# Annex B – Defence in European states with populations similar to Scotland

	(1) Population (million)	(2) GDP (£billion)	(3) Armed forces	(4) Spend (£billion)	(5) Spend as % GDP	(6) EU/NATO/ Pfp member	Strategic orientation	Armed forces configuration
Denmark	5.6	197.9	18,600	2.8	1.4%	EU & NATO	<p>Full and active member of NATO.</p> <p>Does not participate in EU Common Security and Defence Policy (CSDP) defence activities. Does not deploy forces on EU military operations or participate in development of EU military capabilities.</p> <p>Provides military personnel to NATO and UN-led deployments.</p> <p>Current operations include stabilisation operations in Afghanistan (ISAF) and Kosovo (KFOR).</p>	<p>Focus on being able to contribute to multinational operations, as well as domestic military tasks, including search and rescue, counter-privacy and airspace defence and surveillance.</p> <p>Retains conscription through 4-month military service. Armed forces figure includes 1,750 conscripts.</p>
Norway	5.0	316.2	24,500	4.4	1.4%	NATO	<p>Full and active member of NATO.</p> <p>Provides military personnel to NATO and UN-led deployments.</p> <p>Current operations include stabilisation operations in Afghanistan (ISAF) and Kosovo (KFOR).</p>	<p>Focus on territorial defence, particularly in the High North.</p> <p>Importance placed on alliances and multinational operations.</p> <p>Retains policy of partial conscription. Armed forces figure includes 7,700 conscripts.</p>
Slovakia	5.4	58.0	15,800	0.6	1.1%	EU & NATO	<p>Full and active member of NATO.</p> <p>Provides military personnel to NATO, EU and UN-led deployments.</p>	<p>Focus on contributions to international operations.</p>

	(1) Population (million)	(2) GDP (£billion)	(3) Armed forces	(4) Spend (£billion)	(5) Spend as % GDP	(6) EU/NATO/ PfP member	Strategic orientation	Armed forces configuration
Finland	5.4	157.4	22,100	2.3	1.5%	EU & PfP	Historically a neutral state.  Contributes to EU CSDP activities including participating in EU battlegroups.  Russia is a key factor in security environment and defence planning.  Provides military personnel to NATO, EU and UN-led deployments.  Current operations include stabilisation operations in Afghanistan (ISAF), Bosnia (EUFOR) and Kosovo (KFOR).	Focus on acting as a guarantor of national sovereignty.  Improving ability to participate in multi-national peacekeeping and peace enforcement.  Retains conscription, reflecting the importance of a broad section of society being able to support territorial defence. Armed forces figure includes 13,650 conscripts.
Ireland	4.6	132.8	9,700	0.7	0.6%	EU & PfP	Historically a neutral state.  Contributes to CSDP and UN peacekeeping particularly drawing on experience of countering domestic terrorism and paramilitary activity to provide explosive device expertise.  Provides military personnel to NATO, EU and UN-led deployments.  Current operations include stabilisation operations in Afghanistan (ISAF), Bosnia (EUFOR) and Kosovo (KFOR).	Primary task is to defend the state against armed aggression, while there also remains emphasis on peace-support, crisis management, and humanitarian operations.
Croatia	4.4	36.0	18,600	0.6	1.7%	EU & NATO	Full and active member of NATO.  Provides military personnel to NATO and UN-led deployments.  Current operations include stabilisation operations in Afghanistan (ISAF) and Kosovo (KFOR).	Focus on ensuring national sovereignty, as well as defence of allies and participation in crisis response operations.  Armed forces figure includes 250 naval conscripts.

## Notes:

1. Population: 2012 figures, IMF – World Economic Outlook Database, April 2013.
2. Gross Domestic Product (GDP): 2012 figures, IMF – World Economic Outlook Database, April 2013. Converted into Sterling using the average annual Bank Exchange Spot Rate of 0.631 for 2012 (sourced from the Bank of England).
3. Armed forces (active armed forces, not including reserves): The Military Balance 2012, International Institute of Strategic Studies. Rounded to nearest 100.
4. Defence expenditure (current 2012 US\$), SIPRI Military Expenditure Database ([http://www.sipri.org/research/armaments/milex/milex\\_database](http://www.sipri.org/research/armaments/milex/milex_database)). Converted into Sterling using the average annual Bank Exchange Spot Rate of 0.631 for 2012 (sourced from the Bank of England).
5. Defence Expenditure as a percentage of GDP, SIPRI Military Expenditure Database 2012 ([http://www.sipri.org/research/armaments/milex/milex\\_database](http://www.sipri.org/research/armaments/milex/milex_database)).
6. PfP is the NATO Partnership for Peace programme.







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