

Business in the Parliament Conference 2025

Workshop 6: Skills shortage in Global Trade - Hosted by Scottish Chambers of Commerce

Purpose

This paper sets the context and background to support discussions and focus for this workshop delving into the intricacies of Scotland's skills deficit, explores the potential of international recruitment and outlines strategies for overcoming challenges and fostering a robust, skilled workforce poised for success in the global arena.

Overview - Addressing Scotland's Skills Shortage in Global Trade

Scotland, with its vibrant economy and global outlook, faces a critical challenge in addressing its skills shortage, particularly in the context of international trade. As businesses seek to expand globally, they are highlighting that they are still encountering difficult barriers and red tape. Understanding these complexities demands a skilled workforce adept at navigating global trade regulations – from a myriad of regulatory hurdles from customs procedures and compliance standards to Free Trade Agreements / MOUs understanding and the move to digitalisation.

Skills Development Scotland (SDS) produces [Sectoral Skills Assessments](#) (SSAs) providing a robust and consistent evidence base to support partners in strategic skills investment planning. Through that evidence base, it is clear that Scotland's skills deficit extends into key sectors that are contributors to Scotland's exporting performance including energy / energy transition, technology, green initiatives, tourism & hospitality and renewables. To mitigate this shortage, international recruitment presents a viable solution. By tapping into global talent pools, Scotland can enrich its workforce and promote economic growth but this approach isn't without hurdles. Challenges in sponsoring foreign talent, associated costs, delays in processing paperwork and long-term sustainability must be addressed.

Challenges in Global Trade Skills

Businesses venturing into international markets encounter various challenges, including:

- **Navigating Regulatory Red Tape:** Understanding and complying with international trade regulations can be daunting, requiring expertise in customs procedures, tariffs, INCO terms, commodity codes and export/import rules.
- **Cultural and Linguistic Competence:** Effective global trade demands an understanding of diverse cultures and languages to enable effective communication and negotiation in order to win business.
- **Market Analysis and Strategy:** Identifying lucrative markets and devising effective entry strategies requires analytical skills and market intelligence from a range of resources.

Background on Sector Opportunities & Challenges

Scotland's skills deficit extends across key sectors:

- **Energy:** With a growing focus on renewable energy, the sector requires skilled workers in areas such as engineering, efficiency retrofits, asset management, project management and sustainable practices. In most cases, this will require the development of both new programmes of education, certification and vocational training along with targeted upskilling or reskilling for the existing workforce. Clean energy employs over 50% of total energy workers with low-carbon power generation (mainly solar and wind) employing 7.8 million globally – on par with oil supply. Over half of energy employment is in the Asia Pacific region, outpacing other regions and lowercost labour is enabling the emergence of significant clean energy manufacturing hubs that supply projects worldwide. The percentage of women in the energy workforce is also consistently

low when compared to economy-wide averages, with less than 15% in senior management positions.

- **Renewable Energy / Green Tech:** As the world shifts towards sustainability, skilled professionals in renewable energy, environmental sciences and eco-friendly technologies are in high demand. Maximising job quality helps to attract workers, including those moving from other parts of the energy sector. There is tremendous growth for energy employment on the horizon, driven primarily by new investments to decarbonise but energy sector wages typically see a premium over economy-wide average wages. Newer renewable energies such as solar, don't have the same labour protections as established fossil fuel industries, especially in emerging markets and developing economies.
- **Technology:** Scotland's burgeoning tech sector demands talents in software development, data analytics, cybersecurity and artificial intelligence. Companies throughout Scotland are realising that digital skills are vital for employees in this era. It's more important than ever that staff are cross-disciplined in both hard and soft skills. South Korea remains a world leader in technological advancement and its consumer electronics giants invest heavily in research and development. Global Finance's rankings show that the United Kingdom is placed 12th for the world's most technologically advanced countries and territories, behind six other European countries.
- **Tourism and Hospitality:** With tourism being a cornerstone of Scotland's economy, there is a pressing need for skilled hospitality staff including chefs, waiting staff, event planners, hoteliers, those working in visitor attractions, tour operators and drivers. The number of tourism businesses in Scotland in 2023 was just under 16,000, slightly down on the year prior but accounts for 8.5% of total employment in Scotland in 2022.

International Recruitment

International recruitment offers a promising avenue for addressing Scotland's skills shortage. By attracting talent from across the globe, Scotland can inject diversity, expertise and fresh perspectives into its workforce. However, there are some challenges associated with this:

- **Sponsorship and Immigration Policies:** Complex visa processes and stringent immigration policies pose barriers to attracting and retaining foreign talent. The Scottish Government estimated that under the recent changes, 300,000 people who were eligible to immigrate to the UK last year would now not qualify. This also impacts universities who are finding it more difficult to attract international students, given that it will be less certain graduates will be earning enough to switch onto a skilled worker visa.
- **Cost Considerations:** Recruiting internationally may incur significant costs, including visa fees, relocation expenses and legal fees and with many businesses reporting delays, some projects are started and completed before approval is given, leaving companies at a financial loss.
- **Integration and Cultural Adaptation:** Ensuring the smooth integration of international hires into Scottish workplaces requires proactive measures to foster inclusivity and cultural understanding. There are four common stages in integrating – from the honeymoon period to crisis then adjustment to acceptance and employers need to understand how they can support international employees through these stages.

Future Skills Shortages and Solutions

Businesses in Scotland cannot respond to some of the market changes without the skilled workforce needed to deliver international projects in the regions they're being developed. New energy projects are the major driver of international employment with around 65% of energy workers employed to build and deploy new solar plants, wellheads, heat pumps, cars and more.

Looking ahead, a number of sectors are projected to face acute skills shortages:

- **Advanced Manufacturing:** With advancements in automation and Industry 4.0, there will be a demand for skilled workers proficient in robotics, AI and advanced manufacturing technologies.
- **Healthcare and Life Sciences:** Scotland's aging population necessitates a skilled healthcare workforce, including carers, doctors, nurses and researchers.
- **Digital Transformation:** As businesses embrace digitalisation, there will be a growing need for talents in digital marketing, e-commerce and IT infrastructure.

To address these shortages, proactive measures such as the following may be required:

- **Investment in Education and Training:** Aligning educational curricula with industry needs and providing targeted training programs to upskill the workforce.
- **Industry-Academia Collaboration:** Facilitating partnerships between businesses and educational institutions to foster research and innovation.
- **Streamlined Immigration Policies:** Simplifying visa processes and introducing incentives for skilled professionals to relocate to Scotland.

Conclusion

Scotland's success in global trade hinges on its ability to address the skills shortage and equip its workforce with the necessary expertise. By embracing international recruitment, investing in education and training, and fostering collaboration between sectors, Scotland can build a skilled workforce poised for success in the global arena. The challenges are significant, but with strategic planning and concerted efforts, Scotland can overcome them and emerge as a leader in global trade and innovation. This paper serves as a blueprint for action, urging the Scottish Government to prioritise skills development and international collaboration to secure Scotland's economic future in an increasingly interconnected world.