AM: Can I ask you first of all do you now accept that Scotland is going to leave the EU?
NC: Well, I still hope that there is an alternative to that. I think it’s best for Scotland, I believe that it’s best for the UK, to remain within the EU. But I have a job to do which is to pragmatically look at how I best protect Scotland’s interests in all circumstances. So assuming that the UK is going to leave the EU, we then have to look at what the potential outcomes are and work out what the best or the least damaging outcome will be. Tomorrow the Scottish government will publish a paper looking at the three potential Brexit outcomes, short of course of sticking in the EU, and they are staying in the single market and the customs union, or a free trade agreement or reverting to WTO terms. And what that will show –
AM: So those are impact papers basically.
NC: That’s modelling – the UK government, it’s a great shame all these months after the referendum, still hasn’t done itself. That will model the impact of each of these three outcomes on Scotland’s economy. And what the paper will show is that each of these three outcomes will damage our economy. But staying in the single market and the customs union will be the least damaging in terms of the impact on our economic growth and future prosperity.

AM: Now, we haven’t seen the impact papers, if they’ve been done by the British government. I don’t know if you’ve seen them yourself. Have you?
NS: We’ve seen some redacted material, but you know –
AM: Not very useful.
NS: I think everybody has concluded that what we were told previously by David Davis that was in depth impact studies are no
such thing. And you know, I really do think it is shameful that the UK government is the government that is looking to take the UK out of the European Union, hasn't even bothered to properly look at the impact on our economy.

AM: Can I ask, are these impact papers going to give numbers? You know, for instance, on the effect on the Scottish fishing industry of the three possible outcomes?

NS: It's not a settled analysis at this stage, but it will look at the impact on GDP, it will look at the impact on trade. The paper will look fairly extensively at the importance of – and this is a controversial subject often – but it will look at the importance, I think particularly to the Scottish economy, given our demographics, of retaining the ability to attract skills and talent from elsewhere in the European Union.

AM: It'll look at migration and so forth.

NS: It will look at migration.

AM: Is this not simply project fear in a Scottish accent?

NS: Well, it’s looking in a fairly sort of clear-eyed, hard-headed way at what the impact on our economy will be. I mean, don’t get me wrong, as Scottish Prime Minister –

AM: Does it say anything at all positive about Brexit?

NS: I don’t think Brexit is positive. I will look for the positives out of Brexit if I can find them, but this is important –

AM: But Nicola Sturgeon you are a politician, this is supposed to be a neutral sort of scientific economistic analysis.

NS: Well, people can judge it when you see it tomorrow, but this is modelling done by Scottish government economists. It’s an economic model. And what it says is that by the far the best option for the Scottish economy is to stay in the EU. But short of that, the least damaging option is staying in the single market. And this is where –

AM: Not a big surprise perhaps.

NS: There’s a real window of opportunity now. I’ve been listening to some of the other interviews you’ve been doing this morning. I
believe that there is a majority in the House of Commons for remaining within the single market, if Labour gets its act together now. I have to put it to Emily Thornberry that the vast majority of Labour members want to see the UK stay in the single market. So if we can bring that consensus together, then I believe there is an opportunity to try to avert some-

AM: This a conversation you have to have with Jeremy Corbyn I suspect.

NS: Well, Jeremy Corbyn has to decide where he stands on all of this. I think most of his supporters will be deeply disappointed that he appears to be only slightly less in favour of a hard, perhaps the hardest possible Brexit than the Tories are. And many will find that completely inexplicable.

AM: I wonder to what extent the Scots are really very different from the rest of the British people when it comes to these issues. Because recent research by Sir John Curtis suggests 63 per cent of Scots say that the rules on immigration from the EU should be the same in Scotland as for the rest of the UK. 67 per cent think the rules on trade should be the same.

NS: Well, that John Curtis research was interesting. It said that the vast majority of people want things like fishing and agriculture to revert to Scotland rather than be centralised in the UK. If you take free trade and immigration, for example, 63 per cent, as compared I think the 53 per cent across the UK, would prioritise free trade over curtailing immigration they want. So there are some similarities, there are some differences. But I think we’ll see those figures potentially change quite dramatically if we start to see the outcome on the shape of this next phase of negotiations demonstrate that the path the UK government is going down is going to be deeply damaging to our economic interests.

AM: It’s easy for people to get confused about, it’s a very confusing and complicated journey. A year ago I was sitting with you in Bute House. So in simple big picture terms. And England
had voted one way on Brexit, Scotland had voted the other way, and therefore it seemed pretty clear, certainly clear to you, that this was a parting of the ways and independence for Scotland was an inevitable result of all of this. And yet things have changed badly this year from your point of view. Why?

NS: I’m not going to say anything different than you would expect me to. I still believe independence is the best future for Scotland. I still believe that whatever future Scotland chooses for itself, and you know what side of that I’m on, that is a future that shouldn’t be imposed on us, it’s one we should have the ability to choose and decide for ourselves. Now, I recognise – and this was very evident I think to everybody through the course of the general election campaign, that there is, as you say, a lot of confusion. This is a complex issue and people in Scotland – I’m sure it’s the same in many other parts of the UK – people want to see the clarity emerge about the state of the relationship between the UK and the EU. Now, at that point what I’ve said is we will look at that and determine at that stage if Scotland should then have the right to choose between whatever that new relationship with the UK is going to be or choosing to be an independent country.

AM: So let’s try and nail this down a bit more. Because you’ve said in the past that as soon as you could see the overall picture where we’re going was pretty clear, you could then take a decision on a second independence referendum. Now, I’ve talked to the Prime Minister last week and she pointed out that the European Parliament was going to take a decision in October and the idea was the British parliament shortly before that should take the same decision, or should take a decision. So by the relative early autumn we should have the broad picture of where we’re going. NS: That’s what I understand to be the case. I should caveat that by saying I’m not in control of that timetable.

AM: Neither of us are.

NS: But as you say, based on what the Prime Minister has said, based on what the European Commission is saying by round
about the autumn of this year we should have some clarity about that future relationship.

AM: So between October and the end of the year you will be able to tell us whether or not there is going to be a second independence referendum?

NS: That’s when I will be able to look at that and make a judgement about what I think the next appropriate steps are for Scotland and I will then report that to the Scottish Parliament and to the people of Scotland.

AM: There’s not really enough time then for a second referendum before the UK leaves the EU is there? If we’re leaving in March, 2019 and you have to take a decision in the autumn of 2018, there isn’t enough time to take the decision, have the referendum, leave the UK and stay in the EU?

NS: Well we’ll make decisions on timing when we get to that point and look at that, but you know –

AM: That’s the truth, isn’t it?

NS: - we’ve also got a situation, and I accept that the detail of this is yet to emerge, but we’ve also got a

AM; The days and the weeks pass at a speed that you can’t control.

NS: Hold on a little second here. We’ve got a situation where the Prime Minister is saying that there will now be a two year, or she calls it an implementation period. I think everybody else calls it a transition period where, as I understand it and this is yet to be agreed and hopefully it will be agreed soon, that that will effectively be a steady state transition. Now I will make judgements and my judgements I have to put them to the Scottish Parliament about what I believe is in the best interests of Scotland, protecting our best interests in all circumstances.
AM: Do you ever sit late at night and think that maybe the Scottish people no longer want independence in the same way? I’m going to quote to you Kirsty Blackman, your Deputy Leader at Westminster. She said recently, “I don’t think most folk in their daily lives give two hoots about whether Scotland is a member of the Union. The constitutional issues are not the biggest concern for an awful lot of people. I very rarely talk Scottish independence in the Chamber because I talk about things that matter to the people of Aberdeen.”

NS: Well, that was a two part question, so give me the space to answer both parts if you don’t mind. Firstly you ask me about public opinion on independence. AM: Yes.

NS: Most of the opinion polls that have been carried out in Scotland since the referendum in 2014 show that support for independence is either the same or in many many cases has actually increased. So we saw a poll just before Christmas – AM: Or some that say lower. NS: The majority though would say that support for independence if going. There was one that put support for independence at 49%. Of course in 2014 the outcome of the Yes vote was 45%. On Kirsty’s point, Kirsty was making a point there that I’ve been making all over my – AM: People don’t give two hoots about independence.

NS: No. The point she was making which is one I’ve made throughout my entire political life is that independence is not some constitutional abstraction. It is about the living standards, the society, the economy we have and that relationship between how we’re governed and those conditions for Scotland is the important relationship and that is the point that Kirsty was making.
AM: I’d like to ask you two very, very important process questions. First of all, as I understand it, when Withdraw Bill goes through parliament there then has to be a process of legislative approval by the Scottish Parliament and the Welsh Assembly and so forth. What happens if you refuse legislative approval?

NS: Well, the legislative consent process is a convention. I’ve never said otherwise. But -

AM: So nothing really? You can say we don’t approve it and it still goes through?

NS: Well, it’s a convention but I think it is unthinkable that the House of Commons, the UK government would ignore not just the views of the Scottish Parliament but the Welsh Assembly as well. We’ve never been in this territory before, so you ask me what will happen. Now we are trying to plan for our part of what will happen – let me finish. We have this week announced that we have a continuity bill of our own that we will introduce to the Scottish parliament. But let me clear. Right now, and I think if the First Minister of Wales was sitting here he would say exactly the same as I’m about to say, right now I cannot and will not recommend to the Scottish Parliament approval of the Withdrawal Bill because it’s a power grab on the powers of the Scottish Parliament. We are seeking to come to an agreement with the UK government. They’re dragging their heels in you know months into these discussions, we’re no further forward. Now I hope that changes over the next few weeks, but I would argue to the UK government that it’s in their interests as well as it is about doing the right thing, it’s in their interest to get agreement because otherwise the Scottish Parliament will not approve this Bill.

AM: The problem with unconscionable and impossible and so forth and unacceptable is that Theresa May turns her back on you and carries on doing it anyway, again and again and again, because she doesn’t think you actually have the power at your back to do anything about this.
NS: Well, if that’s Theresa May’s message to Scotland then it’s hardly a particularly positive message to Scotland which is –
AM: She would say it’s her message to Nicola Sturgeon, not to Scotland.
NS: Well, it begins to sound as if it’s a message to Scotland as well which is I can do whatever Theresa May saying she can do whatever she likes to Scotland because Scotland is powerless. Scotland cannot ever be in a position where it allows itself to be powerless. That’s why to go back to the point I said earlier on, whatever future Scotland chooses, and it is always a matter for the Scottish people, not for me or any particular politician, it must be a future we choose ourselves. Not one that imposed upon us by Theresa May or whoever her successor may turn out to be.

AM: Let me ask you about this Continuity Bill you were mentioning just now. I don’t quite understand that. That is to deal with the consequences of British withdrawal from the EU to Scotland? So how does it work?

NS: Yes, it’s effectively a Scottish version of the Withdrawal Bill which will look at the areas that are within devolved competence and continue, legislate to continue EU law, the effect of EU law in Scotland after Brexit.

AM: So this sounds a bit abstract. Just give me a concrete example of what that would mean. Would it mean Scotland staying inside the Common Agricultural Policy for instance?

NS: No. It’s about effectively the Withdrawal Bill says on the day after Brexit all of the laws we have just now, the law for example that you were talking about to Brendon Lewis earlier on about end of credit card charges, they stay in place until such time as the House of Commons or in our case the Scottish Parliament choose to change those. It’s a continuity bill. Now we may not have to
introduce that if we can reach agreement with the UK government but we will not stand back and watch and give her approval to a power grab on the powers and responsibilities of the Scottish Parliament.

AM: One domestic question. I’ve been carefully through your manifesto and nowhere can I see a promise to introduce new tax bands.

NS: Well with our minority government we have to build consensus. We also have to be very serious about the austerity that we’re facing. Our budget next year as a result of decisions taken by the Chancellor in the House of Commons will be a resource budget, £200 million in real terms lighter, smaller than it is this year, so we’re putting forward – let me just finish – we’re putting forward proposals on tax that will see 70% of all tax payers pay less than they do now. We’ll see – AM: 70% will get a tiny little bit less.
NS: Hold on. A majority of tax payers because we’re introducing a new starter rate, pay less than they would if they lived elsewhere in the UK, but for the top 30% we’re asking them to pay a little bit more. If you earn £100,000 it’s about £35 a month more and what does that enable us to do? It enables us to invest properly in the National Health Service without deep cuts somewhere else.

AM: If you are a low to middle rate tax payer you said you’ll be completely protected. Is that really true? It’s not true if you’re on £35,000 a year for instance. You will pay more.

NS: Well medium wages in Scotland are £24,000 a year. If you earn under £33,000 you will pay slightly less under our proposals than you do right now. If you earn under £26,000 not only will you pay less than you do right now you’ll pay less than you would if you were living elsewhere in the UK, making Scotland the lowest
taxed part of the United Kingdom while being able to invest properly in our public services.

Ends