

European & External Affairs Committee

EUR(2) 02-06 (p.1)

| | |
|---------------|--|
| Date: | 9 March 2006 |
| Time: | 09.00 – 12.00 |
| Venue: | Committee Room 3, Senedd, Cardiff Bay |
| Title: | Minister's Report |

Purpose

1. To provide an update on a range of issues arising since the last meeting of the Committee.

Recommendation

2. That members note the content of the report.

Background

3. The Committee last met on 18 January 2006. This paper provides an update.

First Minister's International Activities

- 26 January 2006 Visit of His Excellency Zvi Heifetz, Israeli Ambassador to the UK

Together with the Minister for Environment, Planning and Countryside, I met His Excellency Zvi Heifetz, the Israeli Ambassador to the UK, who was in Cardiff to attend the Holocaust Memorial Service at the Wales Millenium Centre. The meeting gave us an opportunity to raise the profile of Wales, and listen to the Ambassador's views on a number of issues, including the Palestinian elections which had taken place the previous day.

- 27 February 2006 St. David's Day Reception in Brussels

I hosted a reception in Brussels to mark St. David's Day. It was attended by EU Ambassadors, Permanent Representatives, members of the Committee, colleagues from EU institutions, regional representatives and friends of Wales. The Reception showcased Welsh produce with the support of True Taste Wales, and it was an opportunity to promote the UK bid for the Galileo Supervisory Agency with Cardiff as the host city.

- 28 February 2006 Dinner on the eve of St. David's Day, and the state opening of the new Assembly debating chamber

I hosted a dinner at the Millennium Stadium, on the eve of St. David's Day, and the opening of the new Assembly debating chamber. It was an opportunity to raise the profile of Wales with the attendance of 250 guests including members of the Foreign Diplomatic Corps, Honorary Consuls, and Speakers from various Parliaments around the world.

- 1 March 2006 Visit of Dr Michael Refalo, High Commissioner for Malta

I met Dr Michael Refalo, High Commissioner for Malta, who was visiting Wales as part of the St. David's Day celebrations. It was an opportunity to discuss bilateral links with Malta across matters of mutual interest and benefit.

- 1 March 2006 Visit of His Excellency, Mr Yury Fedotov, Ambassador to Russia

I met His Excellency, Mr Yury Fedotov, the new Russian Ambassador to the UK during his visit to Wales. The visit was an opportunity to discuss trade and investment issues between our two countries, particularly in view of the planned trade mission to Russia in September 2006.

- 1 March 2006 Visit of Ms Sarmite Elerte, Editor in Chief of Latvia's daily newspaper, "Diena"

I met Ms Sarmite Elerte, Editor in Chief of Latvia's daily newspaper, "Diena". The visit was an opportunity for Ms Elerte to learn about Wales, discuss Wales' role in the EU, and the Memorandum of Understanding between Wales and Latvia.

- 3 – 6 March 2006 Trade mission to Hong Kong and Chongqing, China

I participated in a Wales Trade International trade mission to Hong Kong. I attended the Showcase of Wales event in Hong Kong, and visited the world's largest golf facility at Mission Hills, Shenzhen which has an exclusive reciprocal marketing agreement with the Celtic Manor Resort. I undertook a series of business and political meetings in Hong Kong. I also visited Chongqing to attend meetings with the Municipality Government and signed a Memorandum of Understanding with the municipality of Chongqing promoting collaboration in a number of areas.

Other Issues

- EP adopts first reading opinion on the Services Directive – the European Parliament has adopted its first reading opinion on the Services Directive, which as expected, includes compromises on key questions of scope and free movement of services (formerly known as the country of origin principle).

As regards the scope of the proposal, the following sectors were excluded:- labour, criminal and private international law, audio-visual services, employment agencies, gambling, health services, legal services and notaries, security services, social services, and tax.

But further exclusions for the following were rejected:- all services of general economic interest per se, advertising, cultural services, energy services, postal services, private education, and water.

In relation to the free movement of services, the compromise reached, bans Member States from erecting obstacles to the free movement of services, but, at the same time, stipulates grounds which would allow Member States to limit this freedom through national rules. These grounds are public policy, public security, environmental protection and public health.

The Council of Ministers, as joint legislator with Parliament, will now decide its position on the directive. If all of the Parliament's amendments are acceptable to the Council, the legislation will be adopted in its modified form. If the Council rejects any of the Parliament's amendments or adds any of its own, the text will return to Parliament for a second reading.

It is possible that the directive could be finally passed this year, but it would still take 2 or more years for Member States to transpose into National Law.

Action Points Arising From Previous Meetings: Annexes

- The Committee, at its meeting on 14 April 2005 requested a note on the outcome of the World Trade Organisation's Hong Kong Ministerial meeting, held in December 2005. This is attached at Annex A.
- At the Committee's, meeting held on 18 January 2006, following an earlier discussion of the matter by the Committee on 22 September 2005, it was agreed to provide a note to the Committee on the consultation process for determining the coverage of the area for Structural Funds. This is attached at Annex B.

European News

- Finns narrowly re-elect Halonen – Tarja Halonen has won a second six-year term in Finland's presidential run-off election by a razor thin margin. President Halonen, the first woman to be the country's leader, beat off the challenge of the Conservative Sauli Niinisto with 51.8% of the vote,

after failing to win an outright majority in the first round.

- EU on agenda for new Bosnia envoy – the new chief international envoy to Bosnia-Herzegovina has said that his top priority is to get the country back on the path to European membership. Promoting Bosnia's attempt to join Nato is also high on his agenda. Christian Schwarz-Schilling took over the role in Sarajevo on 2 February 2006. He succeeds British politician Lord Ashdown, who has spent nearly four years overseeing the peace process and implementing political reform.
- EU law on lorry drivers – the European Parliament has approved a law to tighten up on the number of hours coach and lorry drivers spend behind the wheel. Coach drivers will be obliged to take a break after six days on the road, instead of the current maximum of 12. They may not drive for more than nine hours a day, 56 hours a week or 90 hours a fortnight. They must have uninterrupted rest of at least 11 hours per day – or one period of nine hours and another of three hours – and must rest for at least 45 minutes every 4.5 hours. From 1 May, digital tachographs will be fitted to new vehicles, which will be more accurate and harder to falsify. In addition, the number of checks on drivers will be increased from 2008. Final approval is awaited from EU governments.
- EU bid to close gap with citizens – the European Commission has unveiled a communications strategy to raise the EU's profile and improve its image. The White Paper calls on member states and local authorities to help close the gap with citizens, and says the EU will start listening to the public more. Members of the public are being asked to help shape a possible European Charter or Code of Conduct on Communication by sending their views to a special White Paper website.
- EU to continue funding Palestinian Authority – the European Union has said that it will continue funding the Palestinian Authority, so long as its new government is committed to peace with Israel. In 2005, EU member states donated about £341m to the Palestinians. This is approximately a third more than the United States.
- WTO ruling on GM food imports to EU – the World Trade Organization has ruled, in a preliminary decision, that the European Union illegally stopped imports of genetically modified organisms (GMO's) from the US. The EU moratorium was in place from 1998 to 2004, and was used to allow it to gather data and find out how best to update GMO rules. A final ruling is due later this year.
- EU call to lift labour barriers – Last month the European Commission published a report saying that the new workers from states that joined the EU in 2004 have boosted growth without increasing unemployment. Among the points made in the report are; that new workers fill gaps in labour markets, particularly in construction and catering; the flow of workers has not been big enough to swamp labour markets and restrictions may lead to more "undeclared work " by migrants. Most older member states restricted access to their labour markets, the exceptions were the UK, Ireland and Sweden. By 2011, all labour barriers between Western and Eastern Europe will have to go, as the free movement of people is one of the cornerstones of the EU. However, whilst Finland and Spain are expected to lift labour barriers this year and some including the Netherlands are considering opening some sectors, others particularly Germany and Austria, have indicated that they will extend the restrictions on workers from the new member states.
- EU crack down on energy sector – Europe's gas and energy industries face a crackdown on anti-competitive behaviour in the light of the initial findings of a European Commission report on the energy sector. The report follows an investigation, which started last summer into whether energy

firms on the continent had colluded to keep prices high. A number of firms will now face separate investigations.

Rhodri Morgan AM

First Minister

EEAC First Minister's Report

| Date | Assembly Minister/ Official/ Division | Event | Objectives | Outcomes |
|-------------------|---|---|--|--|
| 26 January 2006 | First Minister and Minister for Environment, Planning & Countryside | Meeting with His Excellency, Zvi Heifetz, the Israeli Ambassador to the UK. | Courtesy call on the First Minister & the Minister for the Environment, Planning & Countryside as the Ambassador was in Cardiff to attend the Holocaust Memorial Service at the Wales Millennium Centre. | The Ambassador was received by both Ministers which gave them an opportunity to raise the profile of Wales and to listen to the Ambassador's views on the Palestinian elections which had taken place the previous day. |
| 2-3 February 2006 | Minister for Education and Lifelong Learning and John Howells | 4 Motors Regions and Wales Research and Higher Education, Barcelona | <p>For 4 Motors Regions and Wales:</p> <p>To consider opportunities to use the Commission for Higher Education Research (CHER) network, to react to and influence wider European and global agenda for Higher Education.</p> <p>To identify specific issues to push forward jointly.</p> | <p>The meeting was an opportunity to consider the role that Four Motors can play in support of the wider Euro agenda for Higher Education (Bologna and Lisbon) and to identify specific initiatives to push forward under the Four Motors banner. The</p> <p>Four Motors reaffirmed their commitment to working with Welsh Higher Education Institutes in all of these</p> |

| | | | | |
|-----------------------|---|-------------------------------|---|---|
| | | | | <p>areas.</p> <p>Agreed to establish research colloquia for young researchers.</p> <p>Catalunya to organise a research conference on photonics (interest in all regions)</p> |
| 9 February 2006 | Minister for Economic Development and Transport | British Irish Council meeting | To participate in a British-Irish Council Transport Ministers meeting | British-Irish Council Transport Ministers reviewed progress on the Transport Sectoral Group's work programme, including the bilateral agreement between the UK and Irish Governments on the mutual recognition of driving disqualifications. They also agreed the Group's future work programme, which will take forward work on road safety, accessible transport and the promotion of sustainable transport |
| 19 – 24 February 2006 | Minister for Economic Development and Transport | Visit to Toronto and Chicago | <p>To undertake engagements in conjunction with Visit Britain, organised with WTB.</p> <p>Meet with Sir Terry Matthews</p> <p>Visit Hydrogen Village, site visits with partner organisations</p> <p>Host business reception at Consul General's residence</p> | |

| | | | | |
|------------------|--|---|---|--|
| | | | <p>with key business partners.</p> <p>To develop relationship between Michigan and Wales in Telematics/Intelligent Traffic Systems</p> <p>Dinner for key players in Detroit,</p> <p>Meet with Governor of Michigan.</p> | |
| 27 February 2006 | First Minister | St, David's Day Reception, Brussels | Reception hosted by the First Minister and attended by EU Ambassadors, Permanent Representatives, Committee members, colleagues from EU institutions, regional representatives and friends of Wales. | The Reception showcased Welsh produce with the support of True Taste Wales, and it was an opportunity to promote the UK bid for the Galileo Supervisory Agency with Cardiff as the host city. |
| 28 February 2006 | First Minister, Cabinet Ministers and all AM's | Dinner hosted by the First Minister | Dinner hosted by the First Minister on the eve of St David's Day and the state opening of the new Assembly debating chamber. Opportunity to raise the profile of Wales to an international audience. | Profile of Wales raised with the attendance of 250 guests including members of the Foreign Diplomatic Corps, Honorary Consuls, Speakers from various Parliaments around the world, and representatives of Welsh organisations. |
| 1 March 2006 | First Minister | Meeting with Dr Michael Refalo, the High Commissioner to Malta, | Courtesy visit by the High Commissioner as part of the St. David's Day celebrations. An opportunity to develop bilateral links with Malta across areas of mutual interest and mutual benefit. | |

| | | | | |
|------------------|--|--|--|--|
| 1 March 2006 | First Minister | Meeting with His Excellency Mr Yury Fedotov, Ambassador to Russia. | An opportunity to discuss trade and investment between both countries, particularly in view of a planned trade visit to Russia in September 2006 | |
| 1 March 2006 | First Minister | Visit of Ms Sarmite Elerte, Editor in Chief of Latvia's daily newspaper, "Diena" | An opportunity for Ms Elerte to learn about Wales and discuss how a devolved government works as well as Wales' role in the EU. | |
| 2 – 6 March 2006 | Minister for Culture, Welsh Language and Sport | Wales Week 2006, New York | The Minister's attendance at the Wales Week 2006 events, will significantly raise the profile of the events. He will also see the efforts being made by the Wales International Centre in New York, to raise the profile of Wales. | |
| 3 – 6 March 2006 | First Minister, Wales Trade International and European and External Affairs Division | Trade Mission to Hong Kong and Chongqing, China | Attendance at the Showcase of Wales event in Hong Kong, together a visit to the world's largest golf facility at Mission Hills, Shenzhen which has an exclusive reciprocal marketing agreement with the Celtic Manor Resort. A series of business and political engagements were held in both Hong Kong and Chongqing, and a memorandum of understanding was signed with the municipality of Chongqing. | |

| | | | | |
|--------------|--|---|---|--|
| 7 March 2006 | Minister for Education and Lifelong Learning | Meeting with Mohlabi Kenneth Tsekoa, Education Minister for Lesotho | <p>The meeting and lunch will be an opportunity to discuss education links with Lesotho, particularly the operation of the teacher placement programme and to assess the benefits for Lesotho and for Welsh teachers, in terms of experience and personal development.</p> <p>The Minister is also keen to learn about technical and vocational education in Wales, policies for relating education to the world of work and to discuss possible co-operation in these areas. He will also meet Dolen/ Cymru, the organisation responsible for promoting links between Lesotho and Wales.</p> | |
|--------------|--|---|---|--|

Action Point from EEAC meeting 14 April 2005

WTO Ministerial Meeting - Hong Kong

- The committee considered a paper on 14th April 2005 on the Doha Development Agenda within the WTO negotiations. This paper offers an update in the light of the Hong Kong Ministerial meeting in December 2005.
- The WTO was established in 1995 and is the official body arising from the General Agreement on Tariffs and Trade (GATT). It is responsible for regulating the rules of trade between the world's trading nations.
- At the WTO Ministerial Conference of 2001, in Doha, WTO member governments agreed a negotiating strategy which reflected an emphasis on trying to increase the share of global income for developing and "least developed" countries. This is known as the Doha Development Agenda.
- EU Member States are generally represented at the WTO by the European Commission, in accordance with article 133 EC Treaty. Peter Mandelson is current Commissioner for Trade. 1st June 2007 is the deadline for conclusion of the Doha Development Agenda.
- Trade talks were held between 16-19 December 2005. Modest agreement was reached. Agriculture export subsidies will be abolished by 2013; they account for only 2% of total

subsidies and critics call their removal "symbolic". A further plan has been agreed to grant tariff-free access to goods from the world's 49 poorest countries: combined, these countries make up less than 1% of all trade. Retrospective help has been provided for cotton farmers in West Africa.

- The large outstanding issues are agriculture, services and industrial products. In the developed countries these areas are largely protected through a combination of subsidies, tariffs and legislation. The EU agricultural regime is among the key sticking points, along with the extent to which developing countries will open their markets for industrial goods in return. A package on agriculture would require both the EU and US to cut farm subsidies significantly (Europe is already the world's largest importer of agricultural goods). An agreement on market access for industrial goods – some 70% of world trade – leading to lower tariffs and increased trade opportunities is also a priority.

Action Point from EEAC Meetings 22 September 2005 and 18 January 2006

Regional Aid Guidelines

- The Government has announced that it is carrying out a review of the Assisted Areas of Great Britain in response to new European Commission guidelines on regional aid.
- An open consultation began in February and seeks views on areas to be included in the future Assisted Areas Map from 2007-2013. The first stage of the consultation will end on 14th April 2006. The consultation can be accessed from the DTI's website <http://www.dti.gov.uk/consultations/files/publication-1594.pdf>.
- Under the new European guidelines, the proportion of the UK population covered by the Assisted Areas will be 23.9%, compared to 30.9% currently covered.
- The reduction in coverage for the UK (like other longer-standing Member States) reflects EU objectives of reducing the quantity of state aid and of EU enlargement that led to regional aid being concentrated in the new, poorer Member States. It also reflects the UK's sustained economic success in recent years.
- The following UK regions will automatically qualify for Assisted Area status under the new rules:

Cornwall and Isles of Scilly
West Wales and the Valleys
Highlands and Islands
- In addition, the Government intends to continue to grant Northern Ireland's 100% discretionary coverage, due to the particular circumstances of the province.