

European and External Affairs Committee

Minutes

Date: 27 May 2004

Time: 9.00am

Venue: Committee Rooms 3&4, National Assembly for Wales, Cardiff Bay

Members

Constituency

Sandy Mewies (Chair)	Labour: Delyn
Christine Chapman	Labour: Cynon Valley
Rhodri Morgan	Labour, Cardiff West
Mike German	Liberal Democrat: South Wales East
Christine Gwyther	Labour: Carmarthen West and South Pembrokeshire
Rhodri Glyn Thomas	Plaid Cymru: Carmarthen East & Dinefwr
Ieuan Wyn Jones	Plaid Cymru: Ynys Mon
Lorraine Barrett	Labour: Cardiff South and Penarth

Invitees

John Marek AM, Deputy Presiding Officer	British-Irish Inter-Parliamentary Body
Dai Lloyd AM	British-Irish Inter-Parliamentary Body
Alun Cairns AM	Commonwealth Parliamentary Association
Peter Kellam	Overseas Unit Manager, Assembly Parliamentary Service
Sarah Thomas	Commonwealth Parliamentary Association secretariat, Assembly Parliamentary Service

Standing Invitees

Jan Royall	Head of the European Commission Office in Wales
Rose d'Sa	ECOSOC
Janet Davies AM	Committee of the Regions

Officials

Gary Davies

Head, European and External Affairs Division

Phillip Bird

European and External Affairs Division

Committee Service

Lara Date

Committee Clerk

Bethan Williams

Acting Deputy Committee Clerk

Item 1

Introduction, Apologies, Substitutions and Declarations of Interest (9:00 - 9:10)

1.1 The Chair welcomed everyone to the meeting.

1.2 Apologies had been received from Nick Bourne AM, Rosemary Butler AM and Jonathan Morgan AM. Lorraine Barrett AM was attending as a substitute for Rosemary Butler AM. Apologies had also been received from standing invitees Jill Evans MEP, Jonathan Evans MEP, Glenys Kinnock MEP, Eluned Morgan MEP, and Eurig Wyn MEP.

1.3 No interests were declared under Standing Order 4.5.

1.4 The Chair congratulated Jan Royall on her appointment as a working Peer and thanked her for her valuable contribution to the work of the Committee.

Item 2

Minutes of previous meetings and matters arising (9:10 – 9:20)

Paper: EUR(2)-04-04(min) - Minutes of 29 April meeting

2.1 It was noted that in paragraph 4.7 of the minutes, the Committee had requested more information on the possible difference to the budget for Wales under the Barnett Formula if the EC budget as a proportion of EU GNI was cut to 1 per cent, if all the UK Government savings were put back into domestic spend and if other budgetary allocations remained the same.

2.2 It was explained that no final budget had yet been set by the Commission but that if the Commission's proposals were implemented, the UK Government estimated that the net cost to the UK would be €3 to 4 billion. If the 1.0% contribution was raised to 1.26%, the Commission estimates that this would cost the UK a total of €25bn (€3.5bn per year), which may have to be met by increased tax or reduced spending in other areas and which could have a consequential impact on the budget for Wales.

2.3 It was agreed that advice would be taken from the Finance division and a note would be circulated to

the Committee with further details. Subject to this, the Committee agreed the minutes.

Action points:

- The Committee would receive a note with more information on the possible difference to the budget for Wales under the Barnett Formula if the EC budget as a proportion of EU GNI was cut to 1 per cent, if all the UK Government savings were put back into domestic spend and if other budgetary allocations remained the same.

2.4 It was suggested that Thursday 9 December was a possible date for a meeting in Brussels. The Committee Members agreed to note this date for their diaries and inform the Committee Clerk of any potential clashes. Standing invitees would also be informed of the possible date.

Action points:

- The Committee would inform all standing invitees that 9 December was a possible date for a Brussels meeting.

2.5 Christine Gwyther AM, Chair of the Economic Development and Transport Committee, gave an update on developments on joint working with the Welsh Affairs Committee. The Economic Development and Transport Committee was due to meet with the House of Commons' Welsh Affairs Select Committee later that day for the first in a series of joint meetings to scrutinise the draft Transport Bill. Several stumbling blocks to joint working, including the issue of privilege, had been encountered but these had now all been overcome. There would be a total of four evidence-taking sessions, and one final session to conclude the joint report.

Item 3

Minister's Report (9:20 –9:45)

Papers:

EUR(2)-05-04(p01) - Minister's Report

EUR(2)-05-04(p02) - Report on Euro preparations work

3.1 The First Minister presented his report. The main points highlighted were:

- The Polish President had visited Wales earlier in the month and had emphasised the strong cultural links between Poland and the UK, including a mention of the Polish writer Joseph Conrad (Korzeniowski) who had spent time in Cardiff. In the following British-Polish Economic Reform Seminar, Poland had referred to Wales as an exemplar on how to transform an economy from dependency on coal and steel. This was raised as an issue in Silesia also, where they are dealing with the problems of derelict land contamination, attracting large-scale investment and ensuring SMEs were involved in the chain of production.
- The Economic and Social Cohesion Forum on 10-11 May had been attended by seven Assembly

Members, including five European and External Affairs Committee members. It was noted that the German federal representatives had opposed the Commission's policy on regional reform, but that several other countries had been in favour of the policy and a statement of support had been signed by the 14 'Statistical Effect' regions (including Wales) in March 2004. The possibility of a regional policy deal being struck during the British Presidency of the European Council in the second half of 2005 was mentioned. The level of EU GNI contribution might need to be more than 1% in the long term, but until the Financial Perspective was finalised it was not possible to know how much would be set aside for specific purposes.

3.2 The organisers of the event at Tredegar House, Newport were congratulated - it had been an exceptional venue for the signing of the Memorandum of Understanding with Latvia on 13 May.

3.3 The National Assembly had been represented at official level at the Joint Ministerial Committee meeting (JMC Europe) held to discuss the impact of the new legal judgements on the EU Working Time Directive (WTD). It was noted that these would have a particular impact on junior doctors, but that the new legal judgements could not be brought into effect until August and it was therefore possible that professions could take legal action in the meantime. The European Commission Office in Wales added that the Commission had presented a document to all social partners urging them to negotiate on the opt-out and the period over which an average 48-hour week is calculated. If no negotiation took place because there was no consensus among the social partners, the Commission would present new WTD proposals. The Committee would be updated at the next meeting on WTD negotiations.

3.4 The Committee noted that the UK Deputy Prime Minister was setting up a task group on links between the UK and China and was interested in more information on this. The First Minister noted that he would also be undertaking a trade visit to China in September 2004. China had a high demand for basic materials such as iron ore and coking coal for its strong manufacturing sector, which could impact on the international market for such products.

Action points:

- The Committee would be provided with more information on the task group on links between the UK and China led by the Deputy Prime Minister.
- The Committee would receive an update on the Working Time Directive negotiations at its next meeting.

3.5 Phillip Bird presented a report on euro preparations work. The main points raised during the discussion were:

- Work was ongoing in the area of euro preparations, through the Assembly's Euro Preparations Committee (WEPC) and Welsh Assembly Government departments. Each Welsh Assembly Government department had been asked to consider the implications of a changeover to the euro, as well as several cross-cutting themes. The Assembly Government was receiving support from

HM Treasury in its work. The Committee would be kept updated about the ongoing work on euro preparations. The Welsh Assembly Government's internal changeover plan was still being developed by officials. The UK Treasury hoped to complete the latest version of the National Changeover Plan by the end of 2004. If after the next general election a decision was made to go ahead with a referendum on the euro, and the decision was made to enter the euro zone, the earliest possible date for this would be April 2008.

3.6 The Committee raised the issue of small and medium-sized enterprises (SMEs) and their possible isolation if the changeover to the euro took place. It was noted that some SMEs (such as tourism businesses) would be better prepared than others for any changeover that may occur. The Committee noted the example of Pembrokeshire County Council, which had provided grants to shops to alter tills in readiness for the euro, and would welcome more examples like this. The First Minister added that the problem should be addressed fully if the decision was made to change over, which would be over a 36 month period (4 months from decision to referendum, 30 months for the changeover period and 2 months for dual running of the currencies).

Item 4

Scrutinising European Legislation (9:45 – 10:00)

Paper: EUR(2)-04-04(03) - List of European Legislation

4.1 The Committee noted that there was opportunity to comment on COM (2004) 327, a Green Paper on Public Private Partnerships (PPPs), which may also be considered by the Economic Development and Transport Committee. The closing date for consultation was 30 July. It was also noted that there was a connection between this Green Paper and a Commission paper on services of general public interest, and that these could be scrutinised together.

4.2 Rose D'Sa of ECOSOC agreed, adding that it would also be helpful to consider COM (2004) 256 (State Aid Scoreboard) alongside two other draft state aid proposals not yet finalised by the Commission. The first would be a new framework for the assessment of State aid with limited effect on international trade, the second would be a framework for lesser amounts of State aid, which would together give authorities much greater flexibility to introduce State aid schemes. It was noted that the 'de minimis' limit on State aid was currently €100,000, but that subject to meeting certain criteria this could be raised to €1m. The Committee noted that this would be of interest to the Welsh Development Agency.

Action points:

- Rose D'Sa would ask Morgan Cole Solicitors to provide her with a briefing note on State aids issues to the Committee Clerk for circulation to Members in relation to consideration of State Aids, PPP and goods of general interest. The briefing note would also be provided to Des Clifford in the Assembly Government's Brussels Office.

- The Committee Clerk would consider how to include discussion of the documents on PPP, State Aids and Goods of General Interest in the 1 July meeting agenda, and to obtain feedback from other Assembly Committees about their consideration of the documents.

Item 5

Presentation by Chair of the Local Government and Public Services Committee (10:00 - 10:10)

5.1 Ann Jones AM gave an overview of the role of European issues in the work of the Local Government and Public Services Committee. The remit of the Committee covered local government, the strategic delivery of services, and the Wales Spatial Plan, much of which also crossed over into the work of other committees.

5.2 Ann Jones AM explained that the Local Government and Public Services Committee (LGPS) have not yet felt it necessary to scrutinise any EU legislation, but at the request of the European Committee it had considered the implications of the changes to the Working Time Directive at its meeting on 25 February 2004. At the last LGPS meeting on 19 May 2004 the Committee considered adopting a protocol for considering EU legislation, and the Committee would consider the matter further at its next meeting. It was envisaged that it would want to look at maintaining links with the European and External Affairs Committee and increasing involvement in the scrutiny of EU legislation.

5.3 The Committee thanked Ann Jones and welcomed the steps taken by LGPS Committee to consider European issues in its work.

Item 6

Update from the Committee of the Regions members and MEPs (10:10 – 10:25)

6.1 Janet Davies AM had attended one meeting of the Commission on Territorial Cohesion (COTER) and one day of the Cohesion Forum since the Committee's last meeting. At the COTER meeting, most of the time had been given over to discussing the 3rd Cohesion Report, but the last part of the meeting involved discussion of a draft opinion on low-cost regional flights. Janet Davies AM expressed concern that the opinion had only made brief reference to sustainable development and had not included any definition of it. Other delegates had similar concerns, and she would discuss with Rosemary Butler AM how to put forward an amendment to the opinion. Discussion had been confused by consideration of the legal ruling concerning Ryanair's use of Charleroi airport, but it was noted that the Commission was not intending to prevent State Aids at all regional airports as a result.

6.2 Janet Royall, Head of the European Commission Office in Wales, noted that before the Committee's next meeting on 1 July, the European Parliamentary elections would have taken place. A new constitution may have been agreed and the new Commissioners may have been decided. There was currently a state of flux in the Commission, with new Commissioners for Regional Policy and Social Affairs coming in, but by 1 November 2004 Janet Royall expected that there would be relative stability

in the make-up of the Commission.

6.3 The positive work being done by the BBC to raise awareness of the EU elections was noted, although the UK general public was still not aware as it could be of EU events. The Committee expressed support for the Assembly Government, the National Assembly for Wales and the European Commission in Wales to continue to work together to raise awareness of European issues in Wales.

6.4 Janet Royall regretted that she would have to leave her current post in mid-September but intended to continue to work with Members to raise awareness of European issues in the future. It was noted that in the past there had been significant gaps between appointments to her current post, and that the head of the European Commission Office in London would also be leaving, so a second UK post would be vacant. An internal appointment process would probably take until October, and if no suitable candidate was identified there would be an external recruitment exercise. It was agreed that the Committee would write to the Commission to express the hope that the post would be filled as quickly as possible to avoid the delays previously experienced.

Action point: The Committee would write to the Commission to request that efforts be made to fill the post of Head of the European Commission Office in Wales in as timely a manner as possible.

Break 10:25 – 10:45

Item 7

Update on the work of the British-Irish Inter-Parliamentary Body (10:45 – 11:10)

Paper: EUR(2)-05-04(05) – British-Irish Inter-Parliamentary Body

7.1 John Marek AM, Deputy Presiding Officer, Dai Lloyd AM and Peter Kellam were in attendance. The Deputy Presiding Officer introduced the paper. The main points raised in the discussion were:

- The Northern Ireland Unionist parties were currently opting not to participate in BIIPB activities, although work was ongoing with BIIPB sub-committees, some of which had held talks with the Unionists, and some joint work in specific policy areas was taking place. However, this was informal and the Committee noted that the final decision on whether to participate in the BIIPB was for the Unionist parties themselves.
- The Committee noted that areas of common interest were discussed in the BIIPB Committees, including health policy in rural areas. Some problems with the health service were common to the Republic of Ireland and Wales. The Republic of Ireland was, for the first time, experiencing a recruiting problem in the health service and was increasingly looking to Wales for examples of how to address this problem. It was noted that Wales' involvement in the BIIPB was an opportunity to focus on areas of common interest to the devolved administrations, and to influence the development of effective inter-parliamentary communication.

- The next meeting of the BIIPB would be in Chepstow in October 2004, the first time it had been held in Wales since devolution. Members would be invited to a dinner hosted by the Assembly at the meeting in Chepstow. BIIPB members would attend a steering committee in Dublin in June, where the agenda for the Chepstow meeting would be set. Dai Lloyd AM and John Marek AM invited suggestions for agenda items from Committee Members, which they would put forward to the steering committee. The following items were suggested as being of common interest to the parties involved:

- A new Marine conservation act for the UK (to tie in with the Republic's marine legislation, and linking to European and inter-regional funding for marine conservation and anti-pollution measures)
- Smoking in Public Places
- Transport links between different parts of the UK and through Continental Europe, including the use of different modes of freight transportation.

7.2 It was agreed that the discussion had been extremely useful and the Committee would welcome further feedback and updates on the BIIPB's work.

Action points:

- Peter Kellam would circulate details of the Chepstow meeting of the BIIPB to Assembly Members to invite further suggestions for agenda items. Suggestions would then be put forward to the BIIPB Steering Committee.

Item 8

Update on the Work of the Commonwealth Parliamentary Association (11:10 – 11.30) Paper: EUR(2)-05-04(04) - Commonwealth Parliamentary Association

8.1 The Deputy Presiding Officer and Alun Cairns AM, Chair of the Wales Branch of the Commonwealth Parliamentary Association (CPA), had attended from Wales. Alun Cairns gave an update on the work of the CPA. Apologies were received from John Griffiths AM and Jocelyn Davies AM, who were also closely involved in the work of the CPA Wales Branch.

8.2 The following points were raised:

- The Committee welcomed the information on the CPA, the key purpose of which was to promote knowledge and understanding of parliamentary democracy. All Assembly Members were members of the CPA.
- It was noted that the CPA had three main outcomes for Wales. It allowed Wales to raise its profile, particularly as it was the first newly devolved UK region to become active in the CPA. Further, it meant that Wales could become involved in supporting the developing nations within the CPA. It also put Wales in a position to develop areas of common interest with other CPA

regions, an example of this being when the National Assembly hosted the British Islands and Mediterranean Conference in 2002. The Conference included a debate on sustainable development, focusing on waste management and landfill issues which had a resonance across all the regions present.

- Developing cultural links was important and schoolchildren had been involved in a Youth Parliament and events for Commonwealth Day. Funding to allow children from all parts of Wales to be involved was welcomed.
- It was noted that the Assembly was leading the way with several of its initiatives, notably the use of technology in the Chamber, which the Malaysian Prime Minister had remarked upon during a recent meeting, and also with regard to gender balance. The Committee welcomed moves to campaign for greater gender balance in the CPA's executive.
- It was noted that a report on promoting democracy written by the Clerk to the Assembly following a CPA conference in Zanzibar was available on the CPA intranet site. Christine Gwyther AM chaired a group on gender democracy in Wales and would also welcome discussions with the CPA Wales branch on this subject.
- The CPA secretariat in Wales would look at how to make CPA reports more widely available, including the possibility of sending CPA reports of relevance to individual Assembly committees, and whether some of the information available on the intranet could also be made available on the internet.

Action point:

- CPA Secretariat to explore how CPA reports could be made more widely available to relevant Assembly committees.

Item 9

Proposals for the Scrutiny of European Matters in the House of Commons (11:30 - 12:00) Paper: EUR(2)-05-04(06) - Letter from the Chair of the House of Commons European Scrutiny Committee.

9.1 The Chair summarised the proposals in the paper and emphasised the need for the Committee to provide its views to the Select Committee on Modernisation of the House of Commons by 2 June, in order for its views to be taken into consideration in that Committee's inquiry into EU scrutiny matters. The Committee welcomed the proposal to include the National Assembly for Wales and other devolved administrations on a 'European Grand Committee' for the scrutiny of European matters. The opportunity for closer involvement in scrutiny of matters of common interest was welcomed.

9.2 The Committee noted that the proposed Committee would not require members to vote, but would be for debate only. Members also noted that the proposed Committee was not intended to directly address subsidiarity issues, but that this would be considered separately within the wider EU scrutiny system operating in the Houses of Parliament, subject to the outcome of the negotiations on the draft EU treaty.

9.3 Members were keen to know more about the nature of ‘representation’ on the proposed Committee, including whether the Committee would have a purely parliamentary scrutiny function, or a wider scope in its consideration of EU matters. The First Minister noted that it was not completely clear from the proposals as to what the involvement of Cabinet Ministers would be, and whether the intention was for frontbench representation as well as backbench representation. Members recognised that the exact nature of the proposed Committee would be for the House of Commons to decide.

9.4 A letter would be sent to the Select Committee on Modernisation of the House of Commons expressing the views of Members, and the Assembly's Business Committee would also be informed of the proposal.

Action points:

- The Chair would write to the Rt. Hon. Peter Hain MP, Chair of the Select Committee on Modernisation of the House of Commons, to express support for the European Scrutiny Committee's proposal for Assembly representation on a new Standing Committee on EU matters, and to request clarification of the proposed nature of the Committee. The letter would be copied to the Chair of the European Scrutiny Committee.
- The Business Committee would be informed of the proposal for Assembly representation that had been put forward.