



**Cynulliad Cenedlaethol Cymru
The National Assembly for Wales**

**Y Pwyllgor Materion Ewropeaidd ac Allanol
The Committee on European and External Affairs**

**Dydd Iau, 13 Tachwedd 2008
Thursday, 13 November 2008**

Cynnwys
Contents

- 3 Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introduction, Apologies and Substitutions
- 4 Sesiwn Graffu ar Waith y Prif Weinidog
Scrutiny Session of the First Minister

Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynndi yn y pwyllgor. Yn ogystal,
cynhwysir cyfieithiad Saesneg o gyfraniadau yn y Gymraeg.

These proceedings are reported in the language in which they were spoken in the committee.
In addition, an English translation of Welsh speeches is included.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Jeff Cuthbert	Llafur Labour
Nerys Evans	Plaid Cymru The Party of Wales
Michael German	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
William Graham	Ceidwadwyr Cymreig Welsh Conservatives
Sandy Mewies	Llafur (Cadeirydd y Pwyllgor) Labour (Committee Chair)

Eraill yn bresennol
Others in attendance

Philip Bird	Pennaeth Ysgrifenyddiaeth Polisi'r Undeb Ewropeaidd Head of EU Policy Secretariat
Gary Davies	Pennaeth yr Is-adran Materion Ewropeaidd ac Allanol Head of European and External Affairs Division
Andy Klom	Pennaeth, Swyddfa Comisiwn Ewrop yng Nghymru Head, European Commission Office in Wales
Rhodri Morgan	Y Prif Weinidog The First Minister
Rory O'Sullivan	Pennaeth yr Is-adran Polisi Cefn Gwlad Head of Countryside Policy Division

Swyddogion Gwasanaeth Seneddol y Cynulliad yn bresennol
Assembly Parliamentary Service officials in attendance

Gwyn Griffiths	Cynghorydd Cyfrieithiol Legal Adviser
Greg Jones	Gwasanaeth Ymchwil yr Aelodau Members' Research Service
Annette Millett	Dirprwy Glerc Deputy Clerk
Stefan Sanchez	Clerc Clerk

Dechreuodd y cyfarfod am 1.30 p.m.
The meeting began at 1.30 p.m.

Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introduction, Apologies and Substitutions

[1] **Sandy Mewies:** I welcome everybody to today's meeting. If the lights go off, it is because we have a problem with them. I am told that the lights will switch themselves off every 15 minutes. We have experienced it once, so the next one is due at 1.45 p.m.. They come back on very quickly by all accounts. It is nothing to worry about, I am assured.

[2] I welcome anybody who might be in the public gallery, and I welcome all the officials. Headsets are available for translation on channel 1 and sound amplification on channel 0. I ask everyone to switch off their mobile phones, BlackBerrys or any other electronic device. I have not been warned of any alarms, so if the alarm sounds, please take it

that it is a genuine emergency. No apologies have been received.

1.31 p.m.

**Sesiwn Graffu ar Waith y Prif Weinidog
Scrutiny Session of the First Minister**

[3] **Sandy Mewies:** I invite the First Minister to give an update on the various issues. The report is very interesting—I am sure that we have all read it.

[4] **The First Minister (Rhodri Morgan):** Thank you very much, Chair. I wish to make sure that I am able to leave at about 2.30 p.m., if that is okay with everyone, because I have another meeting to attend.

[5] It is quite a while since we last had a scrutiny session. As a result, the number of public engagements is probably the longest ever listed, at some 24 of varying degrees of international and Welsh significance. If you want to ask me about any of them, please do.

[6] To work out what they all add up to, it is fair to say that the key thing is trying to look over the next year or two to see which are the main ones. On presenting the best of Wales to the world, in 2009, we will have the opportunity of the Smithsonian Folklife Festival—we will be having a reception about that later this evening. The festival is not that well known outside the USA, but in the USA, it is a very big thing. I cannot think of any other circumstances for which you can guarantee an audience in excess of 1 million people. That is because it is held in the first week of the American school holidays at the beginning of June, or perhaps July, when there is a colossal flow of visitors into Washington.

[7] Wales is the featured nation next year. Trying to get across Wales in its folksy, traditional sense combined with its modern image is not an entirely easy thing to do because there is a natural tension there, but it presents a big opportunity for us to get the message about Wales right. I suppose that Washington will still be in a pretty upbeat mood following the election of the incoming President, and many people will want to go to Washington to participate in what will possibly still be a honeymoon period for the incoming President. Also, that builds up nicely to the Ryder Cup the following year in 2010.

[8] On policy-related issues, there is a huge amount of activity listed here in which we are trying to exercise our influence, which is modest—but we must nevertheless use it to the full.

[9] On the matter of the budget, some of you will remember the background to this. At the Copenhagen summit, before 2002, I think, the French President and the German Chancellor stitched up the rest of Europe by arriving a day early and doing a deal—you know, ‘If you keep the CAP, we will keep that’ and so on. Schröder and Chirac did a sophisticated exercise, and when the other European leaders arrived for the summit itself, they were surprised to find that the decisions on the shape of Europe from 2007 to 2013 had been pretty much agreed. So, what they managed to claw back into the budget—the then Prime Minister, Tony Blair, led on this—was to have a review of the budget in 2008-09. That is what is going on now. However, that cannot really affect what happens until the end of this particular financial period, that is, right through to the end of 2013—at least, not unless practically every member state agrees. Therefore, the budget review process will look at the balance of spending within the common agricultural policy, and between the CAP and other areas of European expenditure. It will be looked at, but significant changes before 1 January 2014 are most unlikely, and that is a long way off.

[10] On the Lisbon strategy, the national reform programme requires each member state to

give an account of itself each year, showing that it is adhering to the strategy, and whether it is dissatisfied with it and so on. We have a way of participating in that. The emphasis is on effective labour markets, research and development, the high-value-added knowledge economy, and high skills and training. That is the only way that we can compete with India and China; we certainly cannot compete on low wages. Sustainability is also a big agenda item.

[11] Subsidiarity is dependent on the approval of the constitution, which is not on the horizon at the moment because of the Irish veto. However, if the constitution ever did come into being, the Lisbon treaty's subsidiarity provisions would mean that the UK Government would be expected to consult a regional-tier Government, as we are classed, or even a local government, depending on who leads on a particular function. If it is never passed, the question is whether the whole idea behind the new constitutional reform treaty simply dies a death. If so, where does that leave subsidiarity and the gains that we thought were in prospect—of our being consulted on matters on which we take the lead, namely, devolved issues? Where does it leave local government on issues on which it takes the lead, such as municipal waste disposal? Can we claw that back via another route? We do not want to start talking about that too early, because Ireland needs some space to consider how to respond to the 'no' vote, but we need to give some thought to what might happen.

[12] On the CAP health check, the same old argument is being rehearsed: whether the CAP is a fundamental pillar of the European Union that must not be interfered with, or whether there are ways of reforming it to make it modern and relevant to twenty-first century agricultural conditions, rather than the conditions relating to the creation of the CAP, which followed the 1957 treaty of Rome. Until very recently, agricultural prices have been much higher than was previously the case. The fear used to be that the world had a surplus of food—and therefore very low commodity prices and high European prices to produce the food—and that the produce required a subsidy to prevent the whole of European agriculture being wiped out.

[13] That fear does not exist now because the world is seen to be short of food rather than our having a surplus. That is really a 2007 view, rather than a late-2008 view, because commodity prices have started to fall again. However, the fundamental facts remain true: the world is short of food, rather than wallowing in a surplus. So, where does that leave the CAP? How do you make the CAP relevant to a new world that is different to that with which we were familiar 10 or 20 years ago—with the wine lakes, butter mountains, grain storage problems and skimmed milk powder warehouses overflowing throughout Europe. It is not like that now—it is a completely different world, with a new balance between supply and demand. Where does that leave European agriculture? Elin Jones, as the Minister for Rural Affairs, will be at the council next week as part of the UK Ministerial negotiating team on the health check.

[14] Not to take up too much time, I will refer briefly to the meeting of the joint ministerial committee on Europe, which was held on 6 October. Caroline Flint, the incoming Minister for Europe, was chairing her first meeting less than 24 hours after her appointment, taking over from David Miliband for the second half of the meeting.

1.40 p.m.

[15] It was a pretty heroic effort on her part and I have to say that, considering those circumstances, she was very good. She did not get caught on anything really, as could have happened.

[16] In case people do not realise, the joint ministerial committee on Europe is very much a forum for the devolved administrations to put their views to UK Government Ministers in

advance of a European summit council meeting. We had considerable input, as did the Scots and those from Northern Ireland, and the various subjects that we covered included clean-coal technology. We considered questions such as whether it was not part of the function of countries such as Great Britain, continents such as Europe, and small countries such as Wales, which have a coal industry, to try to promote clean-coal technology for their own sake, but also as a very valuable gift to China and India. They will undoubtedly burn coal in vast quantities in their new coal-fired power stations, and it would be a great gift if those power stations burnt coal in a much cleaner and much more efficient way. They would get a lot more power out of the coal and there would also be lower emissions—that would be a great advance. There is nothing that we can do, realistically, to stop China and India burning more coal; it is simply a question of whether they will burn it in a dirty way, a moderately clean way or a very clean way, with full carbon sequestration—that is, without any carbon dioxide emissions.

[17] The other subjects that came up related to the provision of European additional finance to lend to small and medium-sized enterprises. We began discussing general European Investment Bank finance of some £12 billion for the whole of Europe over a four-year period—£3 billion a year for Great Britain. We would be expected to get about £4 billion, which is £1 billion a year for each of four years. Roughly speaking, that would imply about £50 million a year for Wales, totalling £200 million over the four years.

[18] As long as firms in Wales applied for it, this additional bank-financed money, which would originate from the European Investment Bank, would be on top of the JEREMIE programme, which is the short-hand term that we use for the pilot project that we still hope, despite there being a huge amount of legal details still to be sorted out, will be up and running within a couple of months. That is at about £150 million on top of the £200 million. The £150 million does not all come from the EIB—it is a case of leveraging in somewhere between £30 million and £50 million of EIB money, with some structural funds money, and our money, to create a pool of about £150 million over the three years. That would be a revolving fund: you lend it on and every time you manage to get some of the money back, you lend it on again. It would become a revolving fund of significance in helping small and medium-sized enterprises to access expansion capital at a time when bank lending is much more problematic. I think that I will end there, Chair; I think that I have probably spoken enough.

[19] **Sandy Mewies:** Thank you, First Minister.

[20] **Jeff Cuthbert:** I have two points. The first relates to your engagements, First Minister. I think that it is probably worth mentioning the visit of the King of Lesotho, King Letsie III, that took place yesterday and today. We had an excellent evening yesterday, which was organised through Mike to a large extent, with Dolen Cymru. It was very good. Today, at lunch time, he did us the honour of visiting St Cenydd School in Caerphilly. I was there for the visit, which was greatly appreciated by the staff and pupils of the school. One thing that the pupils learnt about Lesotho is that the national anthem has a very large pause in the middle of it; there was quite an amusing incident when they stood up for the second time—having been told to sit down. However, it was all taken in good spirit.

[21] **The First Minister:** I am glad that you warned me about that.

[22] **Jeff Cuthbert:** The serious point concerns the type of relationships that we can develop further with Lesotho. As far as I can see, this visit has developed enormous interest in the types of links that we have. I heard your speech yesterday. I know that it is not a Government-to-Government link, but, nevertheless, I am sure that the Welsh Assembly Government is keen to encourage links with Lesotho. I do not know whether you are able to say any more now about how those kinds of links might be developed; if so, I would be grateful.

[23] My second point is on the Lisbon strategy. Although it is not specifically referred to here, the use of the Lisbon strategy in guiding the use of structural funds takes on added impetus with the economic situation that we face, and the importance of ensuring that the Welsh workforce—those currently in work, and those likely to be looking for work over the next year or so—take full advantage of the training, employment, and research and development opportunities, as well as the business support and childcare highlighted here. I am not so concerned about the programmes for convergence and competitiveness, and their priorities and themes—I think that they are pretty good—but what plans are there to keep a careful eye on the projects, so that they will be ready as soon as possible to meet our likely needs? Indeed, they may need to be adjusted as time goes by, in the light of changing circumstances.

[24] **The First Minister:** On Lesotho, I was pleased to welcome King Letsie III to Wales last night. It was an important visit, because it celebrated the twenty-fifth anniversary of the founding of Dolen Cymru, which has done magnificent work over the years. The Wales for Africa programme started in 2006, after devolution, so Dolen Cymru has been there for 23 years before that. All we have provided is the icing on the cake, really—a bit more organisation than that which civil society could provide, for obvious reasons. We have also supported the teacher placements, whereby we encourage teachers to apply for a six-month secondment to the school system in Lesotho. Interestingly, of the nine teachers who have gone to Lesotho this year, five or six wanted to stay on for another six months, because they felt that they were getting so much out of it. That is very helpful. Not only are they getting a lot out of it, but Wales will get a lot out of it, because they will come back as better people, who have challenged themselves in different circumstances, taken completely away from the routine of education in Wales. The same is true of the nurses and doctors—we believe that they come back better public servants, because they have been out there in Lesotho. So, we encourage those teachers, and likewise health professionals, water engineers, and so on.

[25] The advice from International Business Wales is that we should not expect too much from Lesotho in the way of trade opportunities. That is why I emphasise that this is not a Government-to-Government link, or even a business-to-business link, realistically—it is civil society to civil society, people to people, church to church, town to town. That is where this will go, and we will assist with additional organisation where we can, but we do not want to take over from Dolen Cymru at all, because it has been so successful over the past 25 years.

[26] Two questions then arise on the wider issue of the Lisbon treaty and its implications. The credit crunch is a significant factor, and you will have seen the reference to Germany being officially classed as being in recession—the statistical term for two successive quarters of minus-GDP growth. German growth had dropped to 0.5 per cent in the third quarter, following a drop in the second quarter, so it has gone into recession one quarter earlier than Britain, in all probability. Obviously, it is the biggest economy in the European Union, and potentially the biggest market for UK exports, so it makes you think about where the European economy is going.

[27] However, that does not mean that you scrap the Lisbon treaty. First, you have to consider the survival strategy for the credit crunch and recession itself, and the European Union will be launching its economic recovery plan on 26 November. We have not seen the details, but I am sure it will not involve resiling from the Lisbon treaty. I am sure it will say that it is about surviving the credit crunch and the recession and working out how to come through it fighting fit on the other side, rather than in a weakened state. The only way that you can do that is by driving up the skills range into areas where you are better-proofed against competition from low-wage countries.

1.50 p.m.

[28] They would even say that in eastern Europe because they have been the low-wage countries in Europe and they all recognised that it was quite a short window for them. So firms were moved from Wales to Poland in 2003, or earlier than that, in 2002, before Poland entered the European Union. A famous example was the Lucas SEI plant in Ystradgynlais, which disappeared one morning, much to the amazement of the people of Ystradgynlais. That plant was unscrewed from the ground, put on flat-bed lorries and driven through England, France, Belgium, and so on, before being screwed into the ground in Poland about 48 hours later. People knew that it would not stay there long, because it is a high-labour-cost industry, and that the firm would move on to Romania—which it did five years later—China, the Philippines or whatever. So, there is a short window. Even those countries are now considered high-wage countries, even though they are low-wage countries at a European level. The issue is ensuring that the skills agenda, the sustainability agenda, the knowledge economy agenda, the enterprise agenda and the innovation agenda all remain strong when you are trying to come through a recession fighting fit and ready for the upturn. I think that that will definitely remain.

[29] The point that you make on the survival strategy is very wise. For instance, the ReACT programme provides subsidies for employers to take on people who have been made redundant, and allows people who have been made redundant to apply for an upgrade to their training in case their skills have got a bit rusty by working in the same place for a long time. So, we can contribute towards that training and we can pay an employer subsidy. That is similar to what David Cameron and George Osborne have announced. We have already been doing that for five years—although they are calling it a tax cut to the employer through national insurance and we pay it as an employer subsidy, in effect, it is exactly the same. So, the question is whether there is enough of a margin there to deal with the higher level of demand, and we have put in 50 per cent contingency funding on the assumption that there could be increased demand for the services of the ReACT programme. It is a very successful scheme and I am pleased to see that national Governments are following that scheme. It is not yet in place in the rest of the UK, but I am pretty sure that something similar will be in place before long.

[30] **Nerys Evans:** Mae gennyf sawl cwestiwn, felly gofynnaf rai ohonynt a dod yn ôl at y gweddi yn nes ymlaen.

Nerys Evans: I have several questions, so I will ask a few and come back to the others later on.

[31] Hoffwn ofyn i chi am y sylwadau a wnaethoch yn y Siambr ychydig fisoedd yn ôl mewn ateb i Bethan Jenkins o ran cael statws sylwedydd yng Nghynulliad Cyffredinol y Cenhedloedd Unedig. A fedrwch ymhelaethu ar hynny, gan ddweud a ydych wedi gwneud rhywbeth ynglŷn â hynny ers mis Mehefin? Credaf y byddai ymestyn aelodaeth Cymru mewn sefydliadau rhyngwladol yn gam pwysig ymlaen.

I would like to ask you about the comments that you made in the Chamber a few months ago in reply to Bethan Jenkins regarding obtaining observer status in the General Assembly of the United Nations. Can you elaborate on that and on whether you have done anything with regard to that since June? I believe that extending Wales's membership of international institutions would be an important step forward.

[32] Yr ydych yn sôn yn eich adroddiad am ymweliad cennad gwladwriaeth Israel, ac yr ydych yn sôn am gydweithredu mewn meysydd megis arbed ynni, newid yn yr hinsawdd, masnach ac addysg rhwng Israel a Chymru. Sut byddech yn sicrhau y byddai unrhyw gydweithredu rhwng Cymru ac Israel yn ystyried safiad egwyddorol a chyfreithiol

You mention in your report the visit of the envoy of the state of Israel, and you mention co-operating on areas such as energy conservation, climate change, trade and education between Wales and Israel. How will you ensure that any co-operation between Wales and Israel takes into consideration the in-principle and legal

Llywodraeth Israel, a'i safiad yn erbyn Palesteina? Llongyfarchaf ymgyrch Ewrop yn erbyn y gwarchae ar Gaza, a bu taith lwyddiannus dros y penwythnos, gan gynnwys un Aelod Cynulliad, sef Rhodri Glyn Thomas, i gludo meddyginiaeth i Balesteina. A oes cynlluniau i ddatblygu cysylltiadau rhwng Cymru a Phalesteina?

[33] **Y Prif Weinidog:** Os deallais yn gywir, yr oedd hanner cyntaf y cwestiwn yn ymwneud ag ymweliad Dmetri Piskounov o Sefydliad Datblygu Diwydiannol y Cenhedloedd Unedig, ydoedd?

[34] **Nerys Evans:** Na, yr oedd ynghylch cael statws sylwedydd i Gymru ar Gynulliad Cyffredinol y Cenhedloedd Unedig.

[35] **Y Prif Weinidog:** Am ba un o'r ymweliadau yr oeddech yn siarad yn ei gylch? A oeddech yn sôn am ymweliad y dyn o Sefydliad Datblygu Diwydiannol y Cenhedloedd Unedig?

[36] **Nerys Evans:** Nac oeddwn; yr oedd yn gwestiwn cyffredinol.

[37] **Y Prif Weinidog:** Mae'n ddrwg gennyf. Yr oeddwn wedi camddeall. Y cwestiwn perthnasol yw sut mae Cymru yn ffitio i mewn i'r system ryngwladol yn y Cenhedloedd Unedig. Dim ond gwledydd megis Prydain Fawr a all fod yn aelodau o'r Cenhedloedd Unedig. Yr ydym oll wedi gweld y Cynulliad Cyffredinol gyda'r gwydrau o ddŵr ac enwau'r gwledydd, megis Cwba, Cyprus ac ati. Byddai Cymru yn eu plith pe bai'n wlad annibynnol, ond nid yw. Cawsom ginio pan oedd Syr Emyr Jones Parry yn llysgennad dros y Deyrnas Unedig yn y pencadlys yn Efrog Newydd. Yr oedd yn amlwg bod Emyr Jones Parry wedi gwneud llawer iawn o waith cenhadol yn codi proffil Cymru er ei fod yn gweithio i Lywodraeth y Deyrnas Unedig ac yn cael ei dâl misol oddi wrthi hi. Gwnaeth llawer iawn yn ei amser sbâr fel Cymro gyda llawer iawn o falchder yn ei wlad enedigol.

[38] O ran y cysylltiad yr oeddwn wedi drysu yn ei gylch, gan gredu yr oeddech yn cyfeirio ato, mae posibiladau i weithio'n uniongyrchol gyda chyrff megis UNIDO, sef y Sefydliad Datblygu Diwydiannol y

stance of the Government of Israel, and its stance on Palestine? I congratulate Europe's campaign on the siege of Gaza, and there was a successful trip over the weekend, which involved one Assembly Member, Rhodri Glyn Thomas, in delivering medicines to Palestine. Are there any plans to strengthen the links between Wales and Palestine?

The First Minister: If I understood correctly, the first half of the question was regarding the visit from Dmetri Piskounov, United Nations' Industrial Development Organisation, was it?

Nerys Evans: No, it was regarding obtaining observer status for Wales in the General Assembly of the United Nations.

The First Minister: Which of those visits were you referring to? Were you referring to the visit from the man from the United Nations' Industrial Development Organisation?

Nerys Evans: No, I was not; it was a general question.

The First Minister: I am sorry. I had misunderstood. The question is how Wales fits in with the international system in the United Nations. It is only countries such as Great Britain that can be full members of the United Nations. We have all seen the General Assembly with the glasses of water and the names of the countries, such as Cuba, Cyprus and so forth. Wales would among them if it were an independent nation, but it is not. We had a dinner when Sir Emyr Jones Parry was the UK ambassador at the headquarters in New York. It was evident that Emyr Jones Parry had done a great deal of missionary work in raising Wales's profile although he was working for and getting his monthly salary from the UK Government. He did a great deal of work in his spare time as a Welshman who is immensely proud of his country of birth.

On the link that I was confused about, as I thought that that is what you were referring to, there is scope to work directly with organisations like UNIDO—the United Nations Industrial Development

Cenedloedd Unedig. Mae pencadlys UNIDO yn Ewrop wedi'i leoli yn Fienna. Buom yn ystyried yr hyn y gallem ei wneud er mwyn agor y cyfleoedd sydd ar gael i fusnesau yng Nghymru i fasnachu drwy UNIDO a'i chysylltiadau, a thrwy'r drysau y mae'n eu hagor mewn cyfandiroedd eraill.

[39] O ran y cwestiwn llosg am Israel ac a ddylai fod rhyw fath o fetu ar gysylltiadau gydag Israel, neu fwy o gyfartaledd yn y berthynas ag Israel a lleoedd megis Palesteina, sydd â pherthynas anodd dros ben gydag Israel yn hanesyddol, ni chredaf mai mater i mi yw penderfynu bod fetu ar ymweliadau gan y llysgennad, Ron Prosser. Credaf mai llysgennad yw ef ond nid oes ganddo'r union statws fel llysgennad, fel oedd y sefyllfa ym mis Mehefin.

[40] Mae'n bwysig ein bod yn aros yn gytbwys. Pe bai ymweliadau gan ddirprwyaethau o Balesteina, byddem yn llawn mor groesawgar iddynt hwy. Mae'r potensial am fasnach dipyn yn uwch gydag Israel gan fod Israel wedi ailddyfeisio'i hun fel gwlad o dechnoleg uwch mewn ffordd gwbl syfrdanol yn ystod y 10 mlynedd diwethaf. Nid yw'n union ar yr un raddfa â Silicon Valley yng Nghaliffornia a Singapore, ond nid yw'n bell ohoni. Fel arfer, wrth ddyfynnu'r tair enghraifft o ganolfannau dyfeisgarwch, sydd ar flaen y gad o ran technoleg newydd, bydd pobl yn dweud mai Israel yw un o'r canolfannau hynny ar ôl y 10 mlynedd diwethaf. Wrth gwrs, ni all y wlad gynhyrchu pethau; nid oes neb am brynu cynnyrch o Israel oherwydd gallai ryfel dorri ac felly gallech fod ar stop oherwydd y ddolen gyflenwi. O ran y dechnoleg a thalu trwydded i gwmmi yn Israel sydd wedi dyfeisio'r dechnoleg, Israel, Singapore a chanol talaith Califfornia yw'r lleoedd cyfoethocaf yn y byd o ran maint y dechnoleg y maent wedi'i ddyfeisio. Nid yw Palesteina wedi cyrraedd yr un lefel o ddatblygiad o gwbl, felly mae'r potensial yn fwy gydag Israel, ar yr amod a ddisgrifiais. Byddem yn gwbl gytbwys petai llysgenhadon neu lefarwyr o Balesteina yn dymuno datblygu cysylltiadau gyda ni.

[41] **Nerys Evans:** Ar y pwynt hwnnw, nid oeddwn yn sôn am fetu ar ymweliadau; yr oeddwn yn sôn am sut yr ydych yn sicrhau

Organisation. The UNIDO headquarters are in Vienna. We have been considering what we can do to open up the opportunities available to businesses in Wales to trade through UNIDO and its links, and through the doors that it opens on other continents.

On the burning question of Israel and whether there should be a veto on relations with Israel, or at least more equality in relations with Israel and places like Palestine, which has a historically very difficult relationship with Israel, I do not think that it is a matter for me to decide whether there should be a veto on visits by the ambassador, Ron Prosser. I think that he is an ambassador but that he does not quite have ambassador status, as was the situation in June.

It is important that we remain balanced. If there were deputations from Palestine, we would extend the same welcome to them. The potential for trade with Israel is greater as Israel has reinvented itself as a high-tech country in such an amazing way in the last 10 years. It may not be on the same scale as Silicon Valley in California and Singapore, but it is not that far behind. Usually, when quoting the three examples of where there are centres of innovation that are at the cutting edge of new technologies, people will say that Israel is one of those centres as a result of the developments made in the last 10 years. The country cannot produce goods, of course; people do not want to buy produce from Israel because war could break out and the supply chain therefore cut off. Regarding the technology and paying a licence fee to a company from Israel that has devised this technology, Israel, Singapore and central California are technologically the richest places in the world. Palestine has not reached the same level of development, therefore the potential is greater with Israel, with the caveat I described. We would take a balanced approach should representatives from Palestine wish to forge links with us.

Nerys Evans: On that point, I was not talking about a veto on visits; I was asking about how you ensure principled decisions

penderfyniadau egwyddorol o ran pwy y mae Cymru'n datblygu cysylltiadau â hwy.

about with whom Wales develops links.

[42] O ran y Cenhedloedd Unedig, hyd y deallaf, er nad yw Cymru'n aelod-wladwriaeth, ac er nad oes modd i Gymru fod yn aelod, gall llywodraeth o wlad o fewn aelod-wladwriaeth wneud cais i fod yn sylwedydd yn y Cenhedloedd Unedig. A yw hynny'n golygu, felly, na fyddwch yn mynd ar hyd y trywydd hwnnw gan geisio sicrhau statws sylwedydd i Gymru yn y Cenhedloedd Unedig?

In respect of the United Nations, it is my understanding that, although Wales is not a member state, and therefore cannot be a member in its own right, the government of a country within a member state can make an application to be a member of the United Nations. Does that mean, therefore, that you will not go down that route to secure observer status for Wales in the United Nations?

[43] **Y Prif Weinidog:** Nes imi gael eich cwestiwn ynghynt, nid oedd neb wedi cynnig y byddai manteision o ofyn am gael bod yn nirprwyaeth y Deyrnas Unedig, neu o fod yn rhyw fath o sylwedydd yn y Cenhedloedd Unedig yn Efrog Newydd.

The First Minister: Until you asked that question earlier, no-one had proposed that there would be advantages in asking to be part of the UK delegation, or in having some kind of observer status in at the United Nations in New York.

2.00 p.m.

[44] Pe bai manteision o wneud hynny, fel sydd o bryd i'w gilydd, er enghraifft, pan fydd Elin Jones yn rhan o ddirprwyaeth Prydain Fawr ar faterion amaethyddol yn y cyngor ar 18 Tachwedd, byddwn yn ystyried hynny. Mae'r Cenhedloedd Unedig yn delio â materion llysgenhadol sydd ag effaith ymarferol ar Gymru. Yn amlwg, mae cyfrifoldebau o ran amaethyddiaeth, a ni sydd ar y blaen o ran amaethyddiaeth yng Nghymru, felly rhaid inni fod yn rhan o'r ddirprwyaeth sy'n mynd yno neu byddem allan ohoni o ran y meysydd y mae gennym gyfrifoldeb drostynt yn ein gwlad ein hunain. Fodd bynnag, fel arfer, nid yw'r materion y mae'r Cenhedloedd Unedig yn delio â hwy, megis amddiffyn, materion tramor a diplomyddiaeth, yn faterion y mae gennym gyfrifoldeb drostynt. Felly, pe baem yn cyflwyno'r ddadl honno i'r Ysgrifennydd Tramor, byddai'n wannach o lawer.

Were there advantages to doing that, as there are from time to time, such as when Elin Jones goes to the council on 18 November to be a part of the Great Britain delegation on agricultural matters, I would consider that. The United Nations deals with diplomatic issues that have a practical effect on Wales. Clearly, there are responsibilities in relation to agriculture, and we in Wales are in the vanguard in the area of agriculture, so we have to be a part of the delegation that goes there or we would be out of the picture as regards those areas over which we have responsibility in our own country. However, usually, the matters that are dealt with in the UN, such as defence, foreign affairs and diplomacy, are not matters that we have responsibility for. Therefore, if we were to make that argument to the Foreign Secretary, it would be much the weaker.

[45] **Nerys Evans:** May I come back in later?

[46] **Sandy Mewies:** If there is time, yes. William Graham is next.

[47] **William Graham:** I want to ask you about our relations with Somaliland, First Minister, because, as you will know, historically, members of that community have lived in Newport and Cardiff. From time to time, there are reports of problems in the northern part of Somaliland—and, without being too colonial, I mean British Somaliland and Italian Somaliland. The obvious problem is with communication, but, more particularly, there are problems facilitating any links at all. Of the country as a whole, only one part of it is

recognised internationally in practical terms. You will know that it is a very tribal society, which makes the problem even more difficult, but how can we facilitate relations? I see that you also had a conference with the Foreign Secretary.

[48] **The First Minister:** It is the most unbelievable paradox that only one part of Somalia has a functioning Government, and only the other part has international recognition. How you can get international recognition without having a functioning Government beats me, but it is part of its history, of course. As so many member states have sensitivities in relation to potential breakaways, nobody wants to hold onto the hot potato of whether we should recognise Somaliland. The old British bit of Somaliland has a strong historic connection with this part of the coastline, namely Newport, Cardiff and Barry, because of the coal boats that used to restock British merchant ships and Royal Navy vessels in the coal bunkering station at Aden, just across the gulf. Somalis would arrive in Aden with a view to being taken on as cabin boys or whatever, and would eventually finish up ashore here, marrying local girls and so on. That historic connection is very strong. They are very proud of the fact that the bit of Somaliland that they have an affiliation with has managed to get a functioning Government, but they are very upset that it does not have international recognition, because there is no Government at all in the rest of Somalia. Most Governments—given the issues with Russia and South Ossetia or Abkhazia, or the whole question of Kosovo, and these potential breakaways—will not want to say to the United Nations, ‘We are in favour of Somaliland’s being recognised’. So, although their foreign offices will not recognise Somaliland, their departments for international development, effectively, will. So, they work in Somaliland, with the Somaliland authorities, as do we, but the diplomatic issue of whether Somaliland should be recognised as a fully independent country is avoided. We just say, ‘Stay away from that topic; it is not worth going down that road’. Instead, let us get on with the practical work of helping midwives to deliver babies, helping kids to get into primary schools, helping to make roads functional during the winter rains, and trying to take guns away from people who should not have guns, so that there is a bit more peace and quiet in the countryside, so that people can get on with their lives without fear, and so that they can have some kind of public services. That is roughly where we are. Inevitably, there were people at the meeting with David Miliband who asked why the Government does not give recognition to Somaliland as a separate country, and, roughly speaking, he gave the answer that they, he and I knew he would.

[49] **Sandy Mewies:** Thank you. Mike German is next.

[50] **Michael German:** I start by thanking Members for their generosity the other evening at the Dolen Cymru event, at which King Letsie was our principal guest. It raised more than £6,000. That was due not only to the generosity of Members, but also that of the guests and others. I know that you put some money in the pot, Chair, and we are very grateful for that. This bodes well for the future. The relationship has certainly moved up a notch as a result of the activity and relationships that we have—both the Assembly and the Government.

[51] **The First Minister:** It was very difficult for me to bid, as I was standing next to the King.

[52] **Michael German:** The King bid for a Wales shirt that was signed by all the players, and won it. At that point, no-one bid above him. [*Laughter.*]

[53] I have three questions. I will outline them and perhaps I could come back on one or two of them afterwards. Could you give us an update, First Minister, on what will happen in the November agricultural council in relation to the common agricultural policy, and particularly in relation to the issue of modulation? Could you also give us an indication of what is happening to the working time directive and the resolution that was achieved with the Council of Ministers, which has now been overturned by the Parliament? Where is that going,

particularly in relation to the important jobs in Wales that might be affected by it? The third is very much a process issue. Could you tell us whether the members of the Committee of the Regions are nominated by the First Minister? Are they supposed to be nominated by the National Assembly for Wales, given that there has been no resolution of the National Assembly for Wales to appoint them?

[54] **The First Minister:** The health-check process is supposed to finish next week at the November meeting of the Agriculture and Fisheries Council that Elin will attend as part of the UK delegation, which I assume will be led by Hilary Benn. I will ask Rory to come in on the question of modulation.

[55] **Mr O'Sullivan:** We still have on the table the commission's proposals for compulsory modulation to be increased by 8 per cent by 2013. The outcome will be a part of the political compromise that we expect to reach next Wednesday.

[56] **Michael German:** We usually have a fair idea of where the compromise is going.

[57] **Mr O'Sullivan:** We have no information on the more sensitive political issues. The European Parliament will deliver its formal opinion on the health check next Tuesday. You can well imagine that, at a European level, for political reasons, the presidency, France and the commission would not want to publish the compromise details until after we have had the Parliament's view. We are not expecting to see the detailed compromise legislative text until lunch time on Wednesday.

[58] **The First Minister:** I will ask Rory to cover the issue of the single farm payments to Welsh and all UK farmers this year benefiting from the drift downwards of sterling and the drift upwards of the euro. They will increase by 10.9 per cent, less X for modulation. Do we know yet what the X for modulation is likely to be?

[59] **Mr O'Sullivan:** It is not quite as you explained, First Minister. The impact of the euro-pound exchange rate means that the net value of entitlement under the single farm payment goes up by just over 10 per cent. Modulation applies to the rural development plan. All of our financial planning, management and monitoring is done at a euro level. So, there is no change in the level of receipt, but the movement in the exchange rate could have an impact. We monitor it closely, and we will take decisions if there is a clear pattern that the euro exchange rate remains higher than it was when we did the initial planning for the RDP.

[60] **Michael German:** I understand that the rate today is £1.15 to €1. It has gone down even further.

[61] **Mr O'Sullivan:** Do not forget that the pound and euro exchange rate for the purposes of the RDP is set on an annual basis. The current value is €0.80 to £1. If that remains the position next year, for example, we will obviously have to make an adjustment. However, do not forget that the key point about the drawdown of European money under the rural development plan is on an N+2 basis, so it would be speculation at the moment to make any significant adjustment simply for the exchange rates, because of that N+2 period.

2.10 p.m.

[62] **Michael German:** What is the date that has been set?

[63] **Mr O'Sullivan:** I believe that it is November, but I would have to double check that.

[64] **Michael German:** So the value of this month would be the setting—

[65] **The First Minister:** Or is it the average of the 12 months?

[66] **Mr O'Sullivan:** Yes, it is the average of the 12 months.

[67] **Michael German:** Is that to next November?

[68] **Mr O'Sullivan:** Yes.

[69] **The First Minister:** On the working time directive, you are right to say that, on 4 November, the European Parliament's Committee on Employment and Social Affairs voted by a substantial majority—almost three to one—to end the UK opt-out from the working time directive, although it gave the UK three years to achieve that. I am not sure to what degree it is likely that the European Parliament will confirm that; I would have thought that it probably would, but I do not know the politics of it. The next plenary session of the European Parliament—in December—will have the ability to confirm or stop that recommendation, but it is a heavy recommendation to end the opt-out in three years.

[70] I made the point at the European Joint Ministerial Committee that one of the sensitivities in Wales around the working time directive was the ability to provide consultant cover at a reasonable level in rural, smallish hospitals. Strictly speaking, one consultant is all that you could justify there; that consultant is available at night, on call, but is now counted as working, although they may be in bed and not have a single call. However, that is working time as far as Europe is concerned. That puts additional pressure on us regarding how we provide consultant cover over and above what is required for the actual demand reasons, because of the impact that it would have on our rural hospitals.

[71] I am not talking about the small cottage hospitals; I am talking about the hospitals in that salient, from Carmarthen and Withybush, probably as far north as Glan Clwyd and certainly Ysbyty Gwynedd and Llandudno. It is quite difficult to provide consultant cover to the full in those hospitals, because they are not the normal 600, 700 or 800-bed hospitals that you get in urban areas; they are 350 or 400-bed hospitals. They cover a large geographical area, but, because you are trying to cover a large number of specialities, demand will be population-related, not geographically related. Therefore, it is going to be hard to provide cover if that goes through unamended.

[72] **Michael German:** The issue of retained firefighters would also cause us difficulty in Wales.

[73] **The First Minister:** Yes, for exactly the same reasons.

[74] There are three new members on the Committee of the Regions—Christine Chapman, Nerys Evans, and Chris Holley, the leader of the City and County of Swansea Council, as the Welsh Local Government Association representative. Councillor Bob Bright has been upgraded from an alternate to a full member. They were confirmed in April. However, they are, in effect, the Foreign and Commonwealth Office's nominations, and we nominate them to the Foreign and Commonwealth Office. I am the nominating authority for Wales, but that does not mean that I give instructions to the Committee of the Regions delegation—you will be pleased to know, Nerys—that the committee's own rules and procedures mean that members may not be bound by any mandatory instructions, and must be completely independent in the performance of their duties.

[75] **Michael German:** The reason I ask this is because, at our last meeting, I was assured that the members of the Committee of the Regions represent the Assembly, rather than the Welsh Assembly Government.

[76] **The First Minister:** I believe that that is correct.

[77] **Michael German:** However, we have not had any resolution of the Assembly confirming those nominations, or indeed sending those nominations to you. That could simply be an oversight, or it may be that, because of the rather complex way in which it operates, they are your nominations, and then, effectively, we would presumably have to think of them as being nominations of the Welsh Assembly Government, though they may operate independently, as the rules say.

[78] **The First Minister:** It is all of those things. It is a weird fudge. The Foreign and Commonwealth Office makes the nominations. We give it our nominations based on negotiations with local government on a cross-party basis, which we have carried out to the best of our ability. We do not have a big enough delegation to recognise all parties, but we try to get some sort of balance, which we negotiate with the WLGA on a reasonably cross-party basis. You will see that the current delegation comprises Christine Chapman from Labour, Nerys from Plaid Cymru, Chris Holley from the Liberal Democrats and Bob Bright from Labour.

[79] Nerys, can you fill us in? Have you had a letter confirming that you are now a fully fledged member of the Committee of the Regions?

[80] **Nerys Evans:** Yes, as an alternate member.

[81] **Sandy Mewies:** We have already had some valuable reports from Nerys on it. I think that you want to come back on a couple of issues, Nerys.

[82] **Nerys Evans:** Mae gennyf ddau sylw pellach. Yn gyntaf, hoffwn ofyn am y symudiadau i greu tîm pêl-droed Prydeinig. Mae pryder y byddai hynny'n effeithio ar allu Cymru i gystadlu ar y llwyfan rhyngwladol. Dywedodd FIFA yr wythnos hon y câi annibyniaeth tîm Cymru ei diogeli pe bai tîm Prydeinig yn cael ei greu. Mae swyddogion UEFA wedi dweud heddiw nad yw'r datganiad hwnnw'n ddigon, a'u bod yn parhau i annog gwledydd Prydain i atal rhag creu tîm Prydeinig. Mae gwleidyddion yn yr Alban hefyd wedi herio'r datganiad hwnnw heddiw ac maent yn galw ar dimoedd gwledydd Prydain i aros yn annibynnol. Beth yw eich ymateb i hynny? A ydych yn gwrthwynebu sefydlu tîm pêl-droed i Brydain?

Nerys Evans: I have two further comments. First, I want to ask about the movement towards creating a British football team. There is concern that that would have an impact on Wales's ability to compete on an international stage. This week, FIFA said that the independence of the Welsh team would be safeguarded were a British team to be created. UEFA officials said today that that statement is not enough, and they still encourage the nations of Britain to resist the creation of a British team. Scottish politicians have also challenged that statement today, and they have called for the separate British national teams to remain independent. What is your response to that? Are you still opposed to establishing a British football team?

[83] Yn ail, mae pencampwriaeth raliô'r byd yn dod i Gymru ar ddechrau mis Rhagfyr, a bûm yn ddigon ffodus i fynd i Gatalwnia ym mis Medi i weld rhan o'r gystadleuaeth yno. Mae dau yrrwr o Ganolbarth a Gorllewin Cymru yn y gystadleuaeth, sef Phil Mills o'r Drenewydd a Gareth Jones o Gaerfyrddin. Mae'n destun balchder mawr bod Llywodraeth y Cynulliad wedi rhoi arian i'r bencampwriaeth raliô.

Secondly, the world rallying championship is coming to Wales at the beginning of December, and I was fortunate enough to go to Catalonia in September to see part of the competition held there. There are two drivers from Mid and West Wales in the competition, namely Phil Mills of Newtown and Gareth Jones from Carmarthen. It is a matter of great pride that the Assembly Government has invested in the rallying championship. How

Faint o'r cyllid sy'n mynd at elfen Cymru y rali yn hytrach nag at y rali yn gyfan? Yr wyf wrthi'n trefnu i Gareth Jones a Phil Mills gyfarfod ag Alun Ffred Jones, y Gweinidog perthnasol, ac estynnaf wahoddiad i chi hefyd, os ydych yn rhydd ar yr amser hwnnw.

much of that money is earmarked for the Welsh leg of the rally rather than for the entire rally? I am arranging for Gareth Jones and Phil Mills to meet Alun Ffred Jones, the relevant Minister, and I extend an invitation to you, too, if you are free at that time.

[84] **Y Prif Weinidog:** Mae'r cwestiwn a ddylai Cymru fod yn rhan o dîm pêl-droed dynion a menywod o dan 23 oed y Deyrnas Unedig yn y Gemau Olympaidd yn cael ei gymhlethu ychydig gan y ffaith bod pwyllgor trefnu Gemau Olympaidd Llundain wedi enwi Stadiwm y Mileniwm yn un o'r manau y cynhelir y cystadlaethau pêl-droed. Ni chaiff y rowndiau cynderfynol a therfynol eu cynnal yno, ond, yn sicr, bydd rhyw dair neu bedair gêm yn y rowndiau cyn hynny i'r dynion ac i'r menywod. Mae pobl yn siarad am y mater hwn fel pe bai'n berthnasol i bêl-droed i ddynion yn unig, ond mae pêl-droed i fenywod yr un mor bwysig. Mae'n llai o bwnc llosg cael tîm pêl-droed i fenywod ar ran y Deyrnas Unedig, hyd y gwelaf i, gan nad oes llawer o ffws a ffwddan ynghylch hynny.

The First Minister: The question of whether Wales should be part of the United Kingdom's under-23 men's and women's football teams in the Olympic Games is complicated somewhat by the fact that the organising committee of the London Olympic Games has named the Millennium Stadium as one location where the footballing competitions will be held. The semi-finals and finals will not be held there, but around three or four matches in the qualifying rounds will certainly be, for men and women. People talk about this issue as though it were a matter for men's football only, but women's football is just as important. It is less of a hot topic to have a UK team for women's football, as far as I can tell, given that there is not much fuss and bother about that.

[85] Mae'n bwnc llosg o ran y dynion, am y bu Cymru, yr Alban a Gogledd Iwerddon yn rhan o dwf hanesyddol FIFA, y corff rhyngwladol sy'n rheoli pêl-droed. Yn ogystal, dechreuodd pêl-droed ryngwladol gyda gêm rhwng Lloegr a'r Alban ym 1862, a chwaraeodd Iwerddon a Chymru mewn gornest rhwng y pedair gwlad—ac yr oedd Iwerddon gyfan yn chwarae bryd hynny, sef tua 1870. Dechreuwyd chwarae criced yn erbyn Awstralia yn ystod yr un cyfnod. Dyna sut y dechreuodd chwaraeon rhyngwladol. Felly, mae'r traddodiad a'r hanes yn bwysig.

It is a burning issue for the men's game, because Wales, Scotland and Northern Ireland were a part of the historical development of FIFA, the international governing body. In addition, international football started with a game between England and Scotland in 1862, and Ireland and Wales then took part in a tournament between the four nations—and Ireland played as a whole at that time, around 1870. Cricket tests against Australia also started at that time, and that is how international sports started. So, the tradition and history are important.

[86] Byddai'n wasgfa pe bai timoedd merched a dynion dan 23 oed Lloegr yn cynrychioli'r Deyrnas Unedig yn y rowndiau cymhwys, a hynny yn Stadiwm y Mileniwm, yng Nghymru. Byddai hynny'n anodd. Dyna pam mae'r wasgfa honno'n bod. Felly, bu llawer o siarad, ac yr wyf wedi clywed sôn sawl gwaith y bydd yr Alban yn cymryd safiad go ffyrnig yn erbyn y cynnig. Mae Cymdeithas Bêl-droed yr Alban yn ei erbyn ac mae Alex Salmond, y Prif Weinidog, yn ffyrnig yn ei erbyn.

It would come to the crunch if England's under-23 men's and women's teams were to represent the United Kingdom in the qualifying rounds, while playing at the Millennium Stadium, in Wales. That would be difficult. That is why that tension exists. So, there has been a good deal of talk, and I have heard many times that Scotland will take quite a fierce stance against the proposal. The Scottish Football Association is against it and Alex Salmond, the Prime Minister, is fiercely against it.

2.20 p.m.

[87] Credaf fod pwyllgor trefnu Gemau Olympaidd Llundain yn dechrau wftio'r Alban. Mae'n gofyn a yw'r Alban am gynnal rhai o gemau'r rowndiau cymhwysio ym mharc Hampden, lle yr oedd gynt wedi trefnu cynnal hanner dwsin o gemau, sef tair gêm bêl-droed i ddynion a thair i'r merched. Rhaid inni ystyried beth fyddai'r effaith ac a fyddai'n boblogaidd gyda'r gynulleidfa pe bai tîm Lloegr o dan 23 oed yn cynrychioli'r Deyrnas Unedig, ac efallai'n chwarae'r gêm gynderfynol yn Stadiwm y Mileniwm. A ddylai tîm gynrychioli'r Deyrnas Unedig ond heb fygwth statws annibynnol pêl-droed dynion Cymru, a ninnau'n aelod blaenllaw, cynnar a hanesyddol o FIFA? Rhaid cael trafodaeth, a rhaid inni benderfynu beth fydd yn digwydd, efallai o fewn y 12 mis nesaf.

I think that the London Olympic Games organising committee has begun to spurn Scotland. It is asking whether it wants to hold some of the qualifying round games at Hampden park, but, previously, it had arranged for half a dozen games to be held there, namely three games for men's football and three for women's. We must consider what effect there would be and whether it would be popular with the audience if the England under-23 team were to represent the UK, perhaps getting to the semi-final at the Millennium Stadium. Should a team represent the UK without threatening the independent status of Welsh men's football, given that we are a prominent, early and historical member of FIFA? We must have a discussion on that, and we will have to decide what happens, perhaps within the next 12 months.

[88] O ran ralio, yr wyf wedi cyfarfod â Phil Mills, ac mae'n llywiwr disglair, ond nid wyf yn adnabod Gareth Jones. Nid wyf yn siŵr a roddir adnoddau cyhoeddus i ralio y tu hwnt i'r arian a roddir i Rali Cymru Prydain Fawr, sef rownd derfynol y rali ryngwladol. Yn ddiweddar, cynhaliwyd y rownd derfynol yng Nghymru, sy'n uchafbwynt arbennig os oes cwestiwn o ran pwy fydd yr enillydd. Mae'n ffordd o ddangos i'r byd mor hyfryd yw golygfeydd, tir, fforestydd a mynyddoedd y lleoedd hynny y cynhelir y rali, megis Brechfa a'r fforestydd uwchben Resolfen, Glyn-nedd, ac ati. Mae'n ffordd o ddangos yr ardaloedd hynny o Gymru nad ydynt bob amser yn cael digon o broffil wrth ystyried Cymru yn wlad ddeniadol.

On rallying, I have met Phil Mills, who is a brilliant navigator, but I do not know Gareth Jones. I am not sure whether public resources are given to rallying beyond the funding given to the Wales GB Rally, namely the final stage of the international rally. Recently, the final round has always taken place in Wales, which is an excellent climax if there is a doubt as to who the winner will be. It is a way of showing the world how beautiful the scenery, landscape, forests and mountains are in the areas where the rally takes place, such as Brechfa, and the forests above Resolfen, Glynneath, and so on. It is a way of showing those areas of Wales that sometimes are not given a high enough profile when considering Wales as an attractive country.

[89] O ran y ralïau eraill, ni allaf ddweud. Yr ydym yn sicr yn talu arian i gadw rownd derfynol y rali yng Nghymru, ond ni wn a ydym yn rhoi arian i unrhyw rali arall. Dylem gofio am Walters Arena ger Onllwyn, sy'n hyfforddi llawer o yrwyr rali. Hen bwl glo brig ydyw sydd wedi'i drosi yn ganolfan unigryw ym Mhrydain, a gallwch ddsygu ralïo yno heb berygl. Dyna un o byllau dyfnaf Cymru sydd wedi'i drosi yn ganolfan hyfforddi gywyr rali. Nid wyf yn siŵr a ydyw wedi cael arian cyhoeddus. Credaf fod y teulu Walters wedi gwneud hynny ar ei ben ei hun.

On other rallies, I cannot say. We certainly give funding to keep the final round of the rally in Wales, but I am not certain whether we fund any other rally. We should remember Walters Arena near Onllwyn, which trains many rally drivers. It is an old opencast mine, which has been transformed into a unique centre in Britain, where you can learn to rally without danger. That is one of Wales's deepest pits, transformed into a rally drivers' training centre. I am not certain whether it has received public funding. I think that the Walters family has set it up entirely on its own.

[90] **Sandy Mewies:** Are there any other questions?

[91] **Mr Bird:** I just want to give Mike information on implementing the working times directive. The Second Reading will take place between 15 December and 18 December before a full vote in Parliament. Depending on what happens, it is possible that it will go to conciliation, that is, if agreement cannot be reached. If it goes to conciliation, the work on the dossier may go beyond the European Parliament elections in June 2009.

[92] **Sandy Mewies:** Thank you. That is helpful, I hope.

[93] **Michael German:** On the back of that, what do we have to do if it goes to conciliation and the ball keeps rolling in this way? What is the official line that we must follow?

[94] **The First Minister:** There is huge pressure to end the opt-out. It accepts that the UK has special reasons for wanting to keep the opt-out of public service provision, or private sector labour market flexibility, or some balance between the two. On the implications of ending the opt-out, there will be at least a three-year bedding-in period. The UK Government will wish to bring as much pressure to bear on the European Parliament as it can, but it probably cannot bring much. It is up to us all to speak to those Members of the European Parliament whom we know to ask how it is going to go. My impression is that it will move towards confirmation of the ending of the opt-out, but with the three years confirmed. However, it could be a longer opt-out or there could be exemptions for certain categories.

[95] **Michael German:** The question was whether we are overhanging the current regime. Are we already out of time? Our original opt-out was time-linked, was it not? When that comes to an end, I presume that, if no other resolution is in place, we have to comply with that one, so it is a matter of whichever regulation is in place currently.

[96] **The First Minister:** I understand the question; I just do not know the answer. I can give you a definite 'maybe' on that.

[97] **Michael German:** Perhaps we could have a note on this matter.

[98] **Mr Bird:** In essence, this is an amending directive that is going through. The First Minister has given the UK position, but it is essential for the council to hold firm to what was agreed in June, which preserves the opt-out.

[99] **Michael German:** I understand the point that you are making, but if the matter is to roll on and on, we will run out of time with the option that is already in place. Perhaps we could have a note on that just to tell us the date.

[100] **The First Minister:** Yes.

[101] **Sandy Mewies:** First Minister, you said that you had to leave by 2.30 p.m., and there are no other questions, so I thank you, Gary, Rory, and Phil for coming along. Thank you for that report.

[102] **The First Minister:** It was my pleasure.

[103] **Sandy Mewies:** We have some papers to note. Is the committee content to note those papers, including the minutes of the previous meeting?

[104] **Michael German:** For the sake of clarification, I sought advice from the Assembly Parliamentary Service on the membership of the Committee of the Regions, and the

Members' research service informed me, which I can pass on to the clerk,

[105] 'There has not been a motion before the third Assembly to approve the First Minister's nominations for the Committee of the Regions'.

[106] You have heard the explanation that the mixture is confused. Can we discuss at some stage whether we think it appropriate, for the sake of absolute clarity, that Members report to National Assembly for Wales as opposed to the Welsh Assembly Government? We might think it appropriate to have a resolution before the National Assembly in the normal way, by which we would just confirm the nominations. I do not foresee any problems with that.

[107] **Sandy Mewies:** We can make more inquiries into that and firm up the position. The current way of doing things has always been something of a mystery to me, as I have said before.

[108] Before I bring this meeting to a close, I remind Members that we have an informal meeting afterwards. The next meeting will be on 20 January 2009, which is fast approaching. Thank you for your attendance today.

*Daeth y cyfarfod i ben am 2.28 p.m.
The meeting ended at 2.28 p.m.*