

Committee on European Affairs

MINUTES

Date: 4 April 2001

Time: 9.00 am

Venue: Committee Room 3, National Assembly Building

Attendance: **Members**

Rhodri Morgan (Chair) Labour: Cardiff West

Mick Bates Lib Dem: Montgomeryshire

Nicholas Bourne Conservative: Mid & West Wales

Rosemary Butler Labour: Newport West

Christine Chapman Labour: Cynon Valley

Val Feld Labour: Swansea East

Jonathan Morgan Conservative: South Wales Central

Rhodri Glyn Thomas Plaid Cymru: Carmarthen East & Dinefwr

Phil Williams Plaid Cymru: South Wales East

George Wright ECOSOC

Jos Gallagher Director, Wales European Centre

Officials

Gary Davies Head, European and External Affairs Division

Damien O'Brien European and External Affairs Division

Des Clifford Assembly Office in Brussels

Russell Keith

Committee Clerk

Julie Bragg

Deputy Committee Clerk

Agenda Item 1: Chair's Report

Paper: EUR-02-01(p.1)

1.1 The Chair welcomed everyone to the meeting and in particular Jos Gallacher of the Wales European Centre (WEC) and Xavier Gizard, Secretary General of the Conference on Peripheral and Maritime Regions. The Chair had received apologies from Assembly Members Ieuan Wyn Jones and John Griffiths, Dr Rose D'Sa, Councillor Brian Smith, Catherine Eva and Welsh MEPs Jonathan Evans, Jill Evans, Eurig Wyn, and Glenys Kinnock. Eluned Morgan was not able to attend due to the imminent birth of her baby and members expressed their best wishes to her on this occasion.

1.2 The Chair wanted to highlight several issues from his written report:

- The first meeting of the Joint Ministerial Committee on Europe on 1 March. The Chair had participated by videolink and had raised three main points:
 - The level of participation by Assembly Ministers in Council of Ministers meetings. He pressed for a high level of access to these meeting. David Trimble and Dennis Haughey, fellow participants in the meeting had also pressed for this and a rota system had been informally agreed;
 - Information on the physical preparations for the introduction of the Euro had not yet been received. There would need to be a high level of awareness of preparations in two parts of the UK: Kent and Wales which would soon have five ports;
 - Wales wanted to be involved in preparations for the Euro as manufacturing was currently suffering from the pound-euro exchange rate.
1. Planned discussions on the economic and social modernisation of Europe at the Stockholm European Council meeting on 23 and 24 March had been somewhat overshadowed by the need to discuss Foot and Mouth Disease and developments in Macedonia in public session. Work had continued on other issues behind the scenes and most of the UK objectives had been achieved.
 2. The key issue for Wales resulting from the Second European Cohesion Report was what would happen to European structural funds after 2006. The new applicant countries generally had lower GDPs than Wales and there was a possibility that Wales may no longer qualify for funds or there might be transitional arrangements in which payments would taper off over several years. Discussions on the future of the structural funds were likely to begin in July under the Belgian presidency and would continue over a number of years. The Assembly will be involved in the development of the UK line on the main issues raised in the report. A Cohesion Forum had been arranged in Brussels on 21 and 22 May and delegates from the National Assembly and local government in Wales would be attending.

1.3 On 6 and 7 April, the President of Catalunya in Spain, Jordi Pujol, would be visiting Wales. He would be signing a revised Memorandum of Understanding between Wales and Catalunya with the Chair on 6 April and would be presented with an honorary degree at the University of Wales, Lampeter on 7 April.

1.4 The Select Committee on Welsh Affairs had recently published its report on 'Wales and the World'. The Committee had not been able to make direct comments on the Assembly's approach to promoting Wales abroad as it had no jurisdiction in this area. The report raised a number of issues relating to the promotion of Wales and its culture and the role of the British Tourism Authority.

1.5 The Chair invited Val Feld to comment on the second meeting of the Chairs of UK European Committees (EC-UK) at which she had represented the Assembly on 16 March. She said that it was a useful exercise in building an understanding between the different committees. The Scottish Parliament, the House of Commons and the House of Lords, in undertaking their scrutiny functions, were holding major investigations into key issues of European policy. These included governance, the issue of representation of regional governments in the proposed second chamber of the European Parliament and sea fisheries policy. The meeting also discussed co-operation between the committees. It was agreed that the next meeting should take place in Brussels so that briefings could be given by the UK's Permanent Representation in Brussels (UKRep). As the Assembly had offered to host the next meeting, it will organise the Brussels meeting.

1.6 In discussion, members raised the following points:

1. In 1998, UK Government policy had been to oppose an increase in the level of GDP contributions being made to European Regional Aid. A transitional period might mean that it was in Wales' interests to maximise EU funding which contrasts with the earlier UK view. The Chair commented that discussions were ongoing within the UK Government on this point and there would be another four years to make sure the Welsh view was adequately reflected.
2. The question was raised whether there would be adverse consequences from problems with foot and mouth disease resulting in projects under European programmes not being completed according to the required timescales. The Committee was informed that this issue was being addressed.
3. In response to a query, Val Feld advised that the meeting of UK committee chairs had not directly discussed comparable workloads, although those committees which had a scrutiny role had indicated that there were difficulties in managing the volume of potential work and determining priorities. It was apparent that the work of the Assembly's committee in co-ordinating activities was unique amongst the committees.
4. In connection with the 'Wales and the World' report, it was asked whether enough was being done to promote Wales abroad, particularly in view of work being done by the Irish. The Chair said that Ireland had been able to have a major impact because of the huge ex-patriot community in America and a favourable tax regime. Wales' profile was low relative to Ireland and Scotland and we were not able to put in place similar enticements such as changing the tax regime. Events on St David's Day with Bertie Ahearne had included the launch of the "Wales. World Nation"

suite of promotional material comprising a quality "coffee-table" book, a journalists' pack, a CD-Rom, and a cutting-edge website so that new technology would be used to promote Wales. A 'Branding Wales' group had been formed and produced guidance on promoting Wales three years ago; the new material built on that work. A co-ordinating group had been established to ensure a more coherent approach to promoting Wales overseas and had been involved in putting together the new promotional material. There would also be a range of other measures, including a series of events within Wales and overseas. Members of the Group included WDA, WTB, WEC, WLGA, British Council and Arts Council for Wales. The promotional material would be distributed to all British diplomatic service and British Council posts around the world

- Members queried the role of the Wales Forum of European Affairs which would now not be meeting until September. Gary Davies said that its role was under review and that party leaders had been asked to give their views. Responses were awaited. Members felt the Forum was an important part of the Assembly's approach to European matters and should not be allowed to slip any further. The Chair said the next meeting would be held in North Wales. It would focus on Rural Affairs and Commissioner Franz Fischler had been invited to participate. This highlighted the importance which the Forum held.

1.7 The Chair invited Jos Gallacher to report back on 'Wales Week' in Brussels which had been organised by the WEC to coincide with St David's Day. Jos Gallacher reported that the centrepiece reception had been intended to transform the relationship between Wales and Brussels. There was a strong emphasis on the use of contemporary art to present a different image of Wales as a place with new ideas and potential. Wales was looking for a partnership relationship with the EC. Two seminars had been held on sustainable development and the digital region to demonstrate Wales' strengths. Difficulties had been encountered with the promotion of Welsh food as the event took place one week after the ban on exports of meat and meat products. Local produce had been used to demonstrate Welsh recipes and there was press coverage of how the problems had been overcome. Feedback had shown that the event overall was very successful and raised the profile of Wales. Something similar was planned for 2002 with possibly fewer but higher profile events.

Agenda Item 2: Annual Work Programme of the European Commission

Papers: EUR-02-01(p.2a), EUR-02-01(p.2b), EUR-02-01(p.3a) and EUR-02-01(p.3b)

2.1 Catherine Eva, the Head of the European Commission Representation in Wales, had provided the introductory paper on this item but was unfortunately not able to attend the meeting. The Chair therefore asked Des Clifford, the Head of the Assembly Office in Brussels, to outline the main issues relating to this item.

2.2 Des Clifford advised that the Commission's work programme was in three parts: new plans for 2001, plans carried over from 2000 and early indications of plans for 2002. Plans were of three types: legislative proposals subject to the whole legislative cycle; non-legislative measures which would be subject to EU wide exercises in policy development; and autonomous proposals which fell within the

Commission's current powers. The WEC had produced a draft lobbying strategy highlighting key areas of the programme for the next 12 months. A copy of the complete work programme had been sent to every policy division in the Assembly for consideration with the appropriate Minister and to report back through the subject committees. A key element was ensuring that this committee was 'plugged in' to that process so that its overarching co-ordinating aim could be fulfilled.

2.3 Jos Gallacher advised that the big question for anyone in Brussels was which element of the programme should be followed. The WEC had looked at the work programme in a very broad way. There were 98 issues the WEC thought it should be monitoring and reporting on. This was distilled into a shorter list for lobbying by the various WEC partners. This did not mean that items for active lobbying were more important. It was a question of where it would be possible to do so. Areas such as the Cohesion report, the 6th Framework Document on Research and Development and sustainable development, particularly the definition of small and medium sized enterprises (SMEs), were important. So much European funding was directed towards SMEs and issues about ownership of companies, such as university spin-off companies, were particularly important in Wales. It was difficult to get the list of issues to follow in the strategy right and it would be kept under review throughout the year, especially as there might be items on which the Commission did not do anything during the year. Thirty items had been developed into a detailed lobbying strategy which identified what the Welsh interest was, what could be done about it and where the pressure points were.

2.4 Members felt that the issue of governance was vital in connection with the strategy as it would determine how we can influence and at what level. Des Clifford advised that he would produce a position paper on governance for debate at the next committee meeting. It would set out the background, identify areas the Committee might want to think about and possibly could be considered by the Assembly in plenary session. The Commission's White Paper on Governance was expected to be published in July. The most important element of the Paper was likely to relate to the principle of subsidiarity which we needed to get right before enlargement. This was part of a longer term debate which would be ongoing until the 2004 Inter-Governmental Conference (IGC), probably under the Dutch Presidency.

2.5 In response to a query as to whether the Governance White Paper would have an influence on how agricultural and rural development policy would develop, the Chair commented that the Council of Ministers would decide on the balance of views as to whether there would be a shift of approach. This was part of the Acquis Communautaire. Views were beginning to change but there were very strong national state positions. The Welsh view point needed to be seen in the context of the British agenda.

2.6 Members considered that the set of papers relating to this items were extremely useful. The lobbying paper set out exactly what the points of interest were. Members asked if, when WEC and UKRep's priorities conflicted over the Commission's work programme, the relationship with UKRep changed. Jos Gallacher advised that WEC had a good working relationship with UKRep and every WEC policy officer was in touch with the appropriate UKRep desk officer. The WEC was not bound to follow UK government policies but could develop its own. It was well understood by both sides that there could be differences and there were no barriers to expressing a different point of view. The Assembly, on the

other hand, was bound to follow the agreed UK Government line. The Chair said it was necessary to take this lobbying approach because of the lack of people representing Wales on the ground in Brussels (six people as opposed to around 100 public and private sector representatives for Ireland).

2.7 Members commented that since the lobbying strategy had been compiled following consultation with WEC partners, it had been developed with the views on priorities of service deliverers in mind. It would be useful for the Committee to compare these views with those of the representatives of ECOSOC, the Committee of the Regions and the MEPs who also attended the Committee. It was also important to have a good relationship with the Assembly's subject committees so that their views too could be fed into the process.

2.8 George Wright said that the work programme needed to be seen in conjunction with the other priorities of the Swedish Presidency on governance. The EU had many of the same structures as it had when it had only six member states. With enlargement, the UK would lose one of its commissioners, the size of the parliament was now set and all of the arrangements were coming into place with one glaring weakness which was how the regions would be represented. Proposals had to be made so that the regions had greater recognition.

Agenda item 3: Options for future committee activity

Paper: EUR-02-01(p.4)

3.1 The Chair invited the Clerk to outline the paper on the Committee's future activities. The Clerk explained that the crux of the paper was contained in the 9 options outlined at the end. Recommendation 3 ('to request that the First Minister provide annual and ad hoc reports to the Committee following the release of the European Commission's work programme noting issues of potential significance falling within the responsibility of each Assembly Minister') was the Assembly's equivalent of the WEC lobbying strategy. It would enable the committee to have a systematic view from officials on what was important and to feed that information into subject committees. Periodic reports on progress could be produced.

3.2 There were two proposed changes to Standing Orders which covered taking responsibility for matters which subject committees did not wish to pursue and widening the Committee's remit to include external affairs. There was also a recommendation which invited the Committee to identify issues to take forward for detailed consideration. The Chair invited members to comment on these proposals.

3.3 Members generally welcomed the proposals and made the following suggestions:

- all party sub-groups could be set up to take forward matters for further consideration and report back to the full committee. This would mean that more time could be given to such matters.
- Those with standing invitations to the committee could be asked to produce short reports on developments in their areas for each meeting.
- It could be made a requirement that Chairs of subject committees came to the committee once a

year to report back on activities in their committees. This would help ensure that incorporation of European issues was occurring across all subject areas.

- The Committee needed to have a more systematic approach to its work for which the WEC strategy seemed to lay a framework. To demonstrate the importance of the resulting work, the Committee needed to meet at least every six weeks.
- Issues such as enlargement and the Euro were vitally important for the Committee to consider. Perhaps the speakers from the Euro Taskforce should be invited to speak to the Committee once more. External relations was also very important and perhaps Commissioner Chris Patten could be invited to attend a future meeting.
- It was vital, despite the practical problems, that efforts were made to timetable meeting so that the MEPs could attend. Perhaps it would be appropriate to hold a Committee meeting in Brussels once a year.

3.4 George Wright noted that it was impossible for members to be fully informed regarding all the issues before the Committee but detailed briefs on specific issues provided by officials would enable them to make well reasoned recommendations to the Assembly.

3.5 The Chair considered that the paper attempted to achieve the thrust of what most people wanted to achieve out of and into Europe and proposed the means to achieve it. It strengthened the methods and ability to get things done. In summary it helped to determine the priorities and policy objectives of the EU annually, it should develop and co-ordinate the Assembly's policy objectives and scrutinise the effectiveness of the Assembly's structures in strengthening EU policies and practices. The Chair proposed that discussions could be reflected in a final draft of the nine recommendations and that these could be circulated to members to make sure that everyone agreed that the revisions were a correct reflection of the Committee's views.

Agenda item 4: Draft Annual Report of the Committee on European Affairs

Paper: EUR-02-01(p.5)

4.1 The Chair invited members to comment on the draft annual report of the Committee which would be debated by the Assembly in plenary session in June. A final version of the report would be brought to the next meeting of the Committee. Members suggested that the report should contain reports on the Committee of the Regions representatives and the EC-UK meetings and contain a forward look section reflecting discussions at this meeting. Members could also give feedback on the draft in writing if they wished.

Agenda item 5: The Conference of Peripheral and Maritime Regions (CPMR)

Presentation: Stig Ostdahl, President, and Xavier Gizard, Secretary General of the CPMR

Paper: EUR-02-01(p.6)

5.1 The Chair welcomed Stig Ostdahl, the President of the CPMR who had not been present at the start of the meeting. He invited him and Mr Gizard to outline the work of their organisation.

5.2 Mr Ostdahl thanked the Committee for the opportunity to present the CPMR to them. He explained that he was Finnish but from a Swedish minority community 500 kilometres north of Helsinki. He had been elected President of the CPMR in October 2000. This was a voluntary but formidable task. The Conference had 131 regional members in 20 countries. It was founded in 1973 in St Malo at the instigation of the Bretons who had believed that there would be a role for the regions in Europe one day. The organisation was based in Rennes and Mr Ostdahl's own region had joined in 1996. It was one of the most efficient inter-regional organisations in Europe.

5.3 Mr Gizard explained that although the CPMR had 131 members there was no one from Luxembourg or Austria. Although other parts of the UK were represented, Wales was not. The Conference represented 150 million inhabitants on 45% of the European surface area. There were five Commissions of the CPMR: the Atlantic Arc, the Baltic Sea, the Islands, the Mediterranean and the North Sea. On 11 and 12 June, a new Commission of the Balkans would be established in an attempt to bring stability back.

5.4 The CPMR held a general assembly once a year. This year's would take place on 20 and 21 September in Portugal. There was a political bureau with one representative and one deputy representative for each member. The General Secretariat had 16 staff in Rennes, one in Brussels and one in Porto whilst there was an executive secretariat for each of the five Commissions. The goal of the organisation was to develop inter-governmental co-operation in specific interests for each geographical Commission.

5.5 The Atlantic Arc Commission stretched from Andalucia to Scotland and was headed by the President of Galicia. Work was ongoing on INTERREG 3B support for this Commission and a bid of 120 million Euros had been made for the period 2001 to 2007. Somerset was working on cultural issues in the Atlantic Arc and Cornwall on fisheries issues.

5.6 The political and economic activities of the CPMR were carried out on the basis of co-operation, improvement projects, lobbying and negotiations with the EU and individual member states. At the European level it was very involved with the EC and preparations for the Belgian Presidency. It would attend the Committee of the Regions meeting on 15 and 16 November in Liege and would present a mandate of the regions for the next IGC. During week commencing 9 April 2001, the CPMR would be publishing information on what it had done to date in relation to governance. This would demonstrate legitimacy, subsidiarity and democracy. In June 2000, the Conference had attended the first seminar on the Governance White Paper in Lisbon and would be setting up a special political bureau on governance from July.

5.7 In the area of special planning, the CPMR had been the only inter-regional organisation invited to participate in a European Special Developments Perspective in Potsdam in May 1999. They had asked for more economic and social co-operation, greater sustainable development and a more balanced representation of the regions. The CPMR had participated in negotiations for 75 ERDF projects on inter-regional cooperation. In the Agenda 2000 they had bid for 12 INTERREG 3B projects seeking a good

level of the budget of structural funds. The organisation had published its contribution to the reform of regional policy for 2001 to 2003 advising that the policy had to cover all regions within the EU. It had also participated in a study of polycentrism with 6 states which aimed to achieve a more balanced development of European territory so that the Western part of Europe did not become relatively more wealthy on enlargement. There needed to be internal territorial cohesion or too many people would be participating in the same projects. A new cohesion policy would mean more money and a greater balance between the heart of Europe and the regions.

5.8 The CPMR was also involved in aiming to solve problems affecting the regions. On transport it was involved in the development of a White Paper and revisions to the Trans National Network programme in 2004. On research it had discussed territorialisation of the European research sphere in February with the relevant EC Directorate General and was campaigning for a greater role for the regions in the 6th Framework Document on Research and Development. It was involved in the International Coastal Zone Management Association which would meet on 30 April to discuss sustainable development. On 28 June in Bourdeaux it would present a paper to Franz Fischler on the future of fisheries policies. It was aiming to ensure adoption of the delayed first tranche of European proposals on maritime safety. In 2002 the CPMR would carry out a consultation among the regions on reform of CAP.

5.9 The Chair commented that the general principle in Assembly initiatives was to avoid the normal centres being in charge of European developments. Anything was welcome which helped to spread these views rather than concentrate on only one zone which accounted for only one quarter of the geography of Europe. In the future, he hoped that this would happen naturally rather than having to make it happen.

5.10 Members queried the following points:

- The absence of representation of Wales and Ireland in the outline Mr Gizard had given except for a mention of Galway and Cardiff (the County Council). There had been difficulties in identifying which the appropriate people with whom to liaise in Ireland. In Wales, there had been a lack of a regional level prior to devolution but it should now be possible to find the appropriate regional partnerships with whom to liaise. The level immediately under the state could be local authorities or local regional government.
- The lack of mention of the energy sector. Nothing was being done on the energy sector at the moment except by the Islands Commission because of a lack of expertise in this area.
- The emphasis on opportunities on INTERREG was very important particularly since Wales had not exploited its full potential in sea transport.
- The means by which the CPMR actually carried out its work. Mr Ostdahl advised that the general assembly met once a year, the political bureaux held 3 or 4 meetings per year and there were also 3 or 4 meetings in Brussels. This meant a commitment of around 30 days per year from him. The home region paid travel and subsistence for their representatives and the host region paid for translation costs. The CPMR's most important source of income was the membership fee and this meant that it could act independently. Representation was at two levels: the political one of the elected members and the technical level of the working groups which were the source of expertise. Each region decided whether its representatives were in the public or private sector.

5.11 Members considered there seemed to be a very strong case to strengthen Wales' position as a peripheral region by becoming a member of the CPMR but we needed to have information on the financial implications. The Assembly had received invitations to join the AER also and it would be useful to have a paper setting out which of the organisations would be of most benefit to Wales and the associated costs.

Agenda item 6: Minutes of the previous meeting

Paper: EUR-01-01(min)

6.1 Members agreed the minutes of the last meeting.

6.2 It was requested that future minutes include a list of action points for easy reference.

6.3 The meeting closed at 12.10pm.

Points for further action or consideration

Wales European Forum

The Committee wished to ensure the continuation of the Wales European Forum. Responses had been sought from party leaders on proposals for its future for consideration by the Committee.

Governance

Des Clifford undertook to produce a position paper on Governance for the Committee's May meeting in anticipation of the Commission's White Paper.

Future Activity of the Committee

The Clerk is to redraft the nine recommendations broadly agreed to regarding the future activity of the Committee in light of the Committee's discussion and circulate to members for correction.

Annual Report

The draft Annual Report is to include reports on the involvement of the Committee of the Regions and ECOSOC representatives and the UK European Committee Chairs meetings. Members are to forward any further feedback to the Clerk.

CPMR and AER

Officials are to prepare a paper for the Committee on the costs and benefits of the Assembly joining the CPMR and AER.