

European and External Affairs Committee

Minutes EUR2 02-05

Meeting date: 24 February 2005

Meeting time: 9.00 - 12.30

Meeting venue: National Assembly for Wales, Cardiff Bay

Attendance

Assembly Members	Constituency
Sandy Mewies (Chair)	Delyn
Nick Bourne	Mid & West Wales
Jeff Cuthbert	Caerphilly
Mike German	South Wales East
Christine Gwyther	Carmarthen West and South Pembrokeshire
Rhodri Morgan	Cardiff West
Rhodri Glyn Thomas	Carmarthen East & Dinefwr

Officials

Gary Davies	Head of European and External Affairs Division
Des Clifford	European and External Affairs Division
Phillip Bird	European and External Affairs Division
Rob Halford	Economic Policy Division
Anna Daniel	MRCS - Assembly Parliamentary Service

In Attendance

		Item
John Williams	Director for Finance, The Wales Office	3
David Curtis	HM Treasury, Treasury Euro Preparation Unit	3
Dr Tony Calland	BMA	4
Phil Parry	Chair, Community Pharmacy Wales	4
Peter Haydn Jones	Chief Executive, Community Pharmacy Wales	4
David Rosser	Director, CBI Wales	4
Mark Platt	Senior Policy Adviser in EU Affairs, CBI	4
Andy Klom	Head of the European Commission Office in Wales	6

Secretariat

John Grimes	Clerk
Sarah Bartlett	Deputy Clerk

Item 1: Introduction, Apologies, Substitutions

1.1 Apologies had been received from Rosemary Butler AM, Jonathan Morgan AM, Ieuan Wyn Jones AM and from standing invitees Janet Davies AM, Glenys Kinnock MEP, Eluned Morgan MEP, Jonathan Evans MEP and Rose D’Sa.

1.2 The Chair welcomed the new European and External Affairs Committee Member, Jeff Cuthbert AM and passed on the Committee's thanks to Christine Chapman AM for all her hard work in the Committee.

1.3 The Chair also welcomed Andy Klom, the new Head of the European Commission Office in Wales. She invited him to introduce himself and say a few words. He outlined his aims, of building bridges between Wales and the EU and to reach out to the people of Wales.

Item 2: Minutes of previous meeting and matters arising

Paper: EUR2 01-05 - Minutes of meeting held on 20 January

Paper: EUR2 02-05 - Action Outstanding

2.1 The Minutes of the meeting held on 20 January were agreed as a true record.

Item 3: Treasury Euro Preparation Team

Paper: EUR2 02-05(p1)

Paper: EUR2 02-05(p2)

3.1 David Curtis, the Treasury Official gave a short presentation on the Euro preparations to date. He said that there were 3 tiers in the Public Sector preparations, namely: Central government, Devolved government and Local government. He said that in the Central government tier most government departments had completed the planning stages, and were now looking at the next phase. Euro preparations committees had been put in place. The most recent meeting of the Welsh Euro Preparations Committee took place late last year. 28 Local Authorities were taking part in pathfinder schemes 'to develop euro changeover plans that could be used as examples of best practice for the whole of local government.' 4 of these Local Authorities are in Wales.

3.2 He also noted key documents which were being compiled in relation to Euro preparations. These are the Managed Transition Plan, Integrated Communication Plan and Consumer Protection Framework. These documents set out: information on what euro denominated services would be available in the event of a UK euro changeover, when they would be available and who would provide them; how key messages would be communicated, and how consumers might be supported and protected during any changeover. He noted that the Chancellor had said that a review of the situation as regards a euro assessment would be undertaken at Budget time this year.

3.3 The Wales Office introduced their paper, which focused on the work of the Welsh European Preparation Committee (WEPC). This was set up in 2003 and there had been 4 meetings to date. Their key role was to generate awareness of the Euro preparations in Wales, to ensure co-ordination and co-operation between key sectors and to oversee Wales' Euro preparations. The WEPC had a wide membership and it ensures that issues specific to Wales are taken account of in the Euro preparations.

3.4 On the issue of consumer confidence the Chair asked for more information on how they were proposing to handle this. Officials said that they were working on the Consumer Protection Framework, which would ensure consumer interests are taken into account. They also noted that it was too early to give detailed messages to people on the Euro as there was a risk of message overload. It was intended that the Integrated Communication Plan would cover key messages.

3.5 Members welcomed the update and asked whether certain groups had been contacted and involved in the Euro preparation process, for example the Welsh Language Board, small and micro businesses, voluntary organisations, trade unions, vulnerable groups, tourism alliance and NHS Wales. The First Minister noted that small and micro businesses had two main interests in the Euro: the complexity to learn and convert to its use and the fact that they were at the frontline and would directly face any public

complaints immediately after transition.

3.6 In responding, officials said that the Welsh Language Board, Federation of Small Businesses, Wales TUC and NHS Trusts were all represented on the WEPC. The WEPC had highlighted the need for Welsh language communications and the Welsh Language Board had met the Treasury to discuss those aspects of Euro communications that would need to be bilingual.

3.7 Officials said that they were conscious that small businesses were not always communicated to fully and they would be addressing this issue when launching any major Euro communications. They noted the importance of voluntary organisations and vulnerable groups in the Euro preparation process and said that a 'vulnerable groups' working group had been set up at UK level. They said that research had been commissioned to see what could be learned from the experiences of the voluntary sector in certain countries in Europe during their changeover to the euro. They noted that all voluntary organisations were linked into the trade unions, which were represented on the WEPC, and undertook to come back to the committee on the extent to which there were direct links with the trade unions link at the UK level. [Action: David Curtis].

Item 4: First Minister's Report

Paper: EUR2 02-05(p3)

4.1 The First Minister introduced his report and gave an oral update. He noted that the VIP visits of late had taken on a new approach and that they were reflective of making relations with areas where there is greater production in trade and industry. There are now countries other than Japan and the US that are bringing inward investment and trade to Wales, for example the Italian Chamber of Commerce who are considering opening an satellite office in Wales and Malaysia who were a provider of inward investment.

4.2 The First Minister said that during the UK Presidency of the EU there would be two informal meetings in Wales - The Informal Competitiveness Council (July 2005) and an informal meeting of the EU Foreign Ministers, referred to as Gymnich (September). Wales would also host a youth event in October. These meetings would give Wales the opportunity to showcase Welsh products and promote Wales.

4.3 The First Minister also commented that in the Spanish referendum on the EU Constitution the result was 78% for the Constitution but for Spain the turnout was very low.

4.4 The First Minister commented on the Eurostat Regional GDP figures and noted that they were lower than the Office for National Statistics figures. This was explained by the financial and services sectors being re-rated to give them more weighting. Consequently because Wales did not have a strong financial sector the figures were lower than previous estimates giving Wales a second chance of obtaining Objective 1 funding. The First Minister noted that Wales would be likely to qualify for Objective 1

status only if the decision on the EU structural funds programmes was made this year in either the Luxembourg or UK presidency. However he noted that it was unlikely to be decided by the UK presidency as the UK were too closely involved in the process to promote a decision during their presidency.

4.5 Members raised concerns about the delay in the decision on the structural funds and asked whether the First Minister could influence his colleagues in Westminster to make a decision sooner rather than later. One member also noted the research by Dr Gareth Wyn Jones from Bangor University on the Fontainebleau Rebate, which he said was having a negative effect on the structural funds for Wales. The First Minister said that he hadn't seen Dr Jones' report, the Chair agreed that a copy would be circulated to all Members. The First Minister noted that retaining the Fontainebleau Rebate was a major issue for any UK government. [Action: Chair/Clerk].

4.6 One member requested information on the recent visit by Commissioner Borg and the discussions held on the Fishing Vessel Refits and Safety Equipment Upgrade. The First Minister agreed to provide a note from the meeting between Commissioner Borg and the Minister for Environment, Planning and Countryside. [Action: First Minister]

4.7 Following from the First Minister's report, Officials updated the Committee on the Regional Aid Map following the recent multi-lateral meeting. A full paper on this would be put to the next meeting of the Committee.

4.8 They referred to the multi-lateral meeting held to discuss the latest revisions of the Regional Aid Guidelines on 1 February, with Member States having until 1 March to submit written responses. The Commission intends to release draft regulations in May 2005, with a further multi-lateral meeting planned for the summer and with the Guidelines due for completion by the autumn.

4.9 They said that the Commission's revisions position the UK slightly more favourably from an international competitiveness perspective. There was no real change in terms of Wales' competitive position within the UK: WWV, as a NUTS 2 area, remained eligible for Assisted Area status and the Commission also now appeared to be willing to consider allowing limited additional assisted area coverage, perhaps in the form of transitional status for parts of current Article 87(3)c areas. Member states have been asked to put forward suggestions on how such additional coverage might be determined in their written submissions by 1 March.

4.10 The Chair said that there would be a full discussion on this at the next meeting.

Item 5: EU Services Directive

Paper: EUR2 02-05(p4)

Paper: EUR2 02-05(p5)

5.1 Tony Calland said that the BMA supported the free mobility of doctors to work within the European Union but felt this was possible only if there were adequate safeguards for patients. They felt that the current draft of the Directive was confusing and contradictory and that its full impact had not been clearly assessed. If it were to be implemented it could make it difficult to meet the health needs of patients. In the BMA's view health services should be removed from the Directive. While it might be possible to prepare a separate Directive which would meet their concerns, their underlying feeling was that it was completely inappropriate for this kind of approach.

5.2 A particular concern related to standards of care. The 'Country of Origin' principle did not allow national authorities to organise and deliver health services at a set standard for their area. The risk was that a doctor might be classified as a specialist in his or her own country but might not be of a standard comparable with Consultants in the UK. While the Directive did provide a derogation for health professionals, this had to be on a 'case by case' basis and the BMA felt this was particularly bureaucratic.

5.3 The BMA was concerned that the requirements relating to staff ratios for nursing homes could lead to an increased risk for patients. Another concern related to the payment of compensation because, under the Directive, the relevant scheme would be that which applied in the country in which the doctor was registered not that in which he was operating. Similarly, the 'health and safety' standards that were applied in, say, a radiology unit would be those of country in which the practitioner was registered which might not necessarily be the same as in the UK.

5.4 Members raised the question of shortages in specialities, such as radiology, where the UK had large numbers of vacancies while other countries, such as Germany, had surpluses. Even if radiologist might not relocate to the UK, it might be possible using modern IT to enable them to examine and analyse images such as MRI scans and report to UK doctors. Doctor Calland said that while the BMA recognised the need to address the capacity shortfalls in Wales they considered it over-simplistic to imagine that images could simply be assessed by someone else. A Radiologist's role was very much one of giving an 'opinion' on an aspect of a case and often it was important for them and the surgeon to be able to have a dialogue. This required rather more than an image passing between the two.

5.5 Members asked whether the issue of different levels of training was so important now that doctors tended to specialise on specific conditions and parts of the body. The broadly-based training tradition within the UK was therefore not so advantageous as in the past. Responding, Doctor Calland acknowledged the greater degree of specialisation but said that, for a surgeon, it was not always possible to be completely specific about a patient's condition. Often during an operation other conditions were found and it was essential, for the patient's wellbeing, that the doctor was able to react appropriately to them. This broad range of expertise was not available where a doctor received only a narrowly based training.

5.6 Peter Haydn Jones said that Community Pharmacy Wales welcomed pharmacists from outside the UK working in Wales but felt it was essential that they did so according to the standards required within Wales. They echoed the view put by the BMA that the Directive would cut across this principle and lead to a direct risk to patients. In their view health care services should be excluded from the scope of the Directive.

5.7 Asked about the specific areas of concern, Community Pharmacy Wales said that the issue was more one of principle than about specific issues. They said that regulations governing Community Pharmacy Services in the UK were designed in order to provide a good level of services for patients. While many of the skills were similar in different countries, there were variations between the rules and regulations under which pharmacists practised. The 'Country of Origin' principle meant that if a pharmacist from another country were to make a professional error, it would be for the authorities in that country, not those in the UK, to act on it.

5.8 The First Minister said that there were similarities between the services provided by pharmacists and doctors and the Welsh Assembly Government's view was that they were both part of a national service. They could see opportunities for the two to work together, perhaps through the provision of repeat prescriptions, in a way that could reduce some of the burden on GPs. However, community pharmacists were different in the sense that they also operated the supply of drugs on a commercial basis and it was important to recognise the competition issues here. Nonetheless, they were not generally supportive of the Directive. Officials said that this view had been fed into the DTI and the UK had decided to oppose the extension of the Directive to health services. While, nonetheless, welcoming the general thrust to open up markets for services.

5.9 Mr Jones reinforced this saying community pharmacists saw themselves as part of the health team driven by health service need not market forces. They felt this integrated approach would be lost if pharmacy provision was driven by market need. It would also impact upon the Assembly's ability to support its provision in areas where it was not commercially attractive.

5.10 David Rosser said that the CBI very much welcomed the opportunity to talk to the Committee and, to his knowledge, this was the first time a devolved administration had looked at this issue and had invited them to give evidence. He said that in principle the CBI welcomed competition and saw the Directive as a positive way forward to encourage business opportunities, remove barriers to business and in turn promote research and development. If it was successful they thought it would be of significant economic benefit. They did, however, acknowledge the uncertainties and ambiguities in the Directive but felt that it provided a good enough basis on which to go forward. It was consistent with the principles underlying the foundation of the European Union.

5.11 Asked about the specific issues relating to health services, the CBI said they did not have a strong view on these and that the underlying conflicts were being addressed through other mechanisms focused directly on promoting common standards. They were, however, anxious that this issue did not become confused with Health and Safety where EU members already had common minimum standards.

Moreover, where there had been moves towards harmonisation in this kind of area these had always been through levelling up not down. It was therefore important for this not to be used as a way to mask developments. Similar issues had arisen in the past in relation to supply of water, electricity and gas which some countries had considered to be 'fundamental services' and felt they should be retained within the public sector. In the UK these services had been liberalised and were generally cheaper. The CBI saw the key aspect of the Directive as its provisions to allow small companies to test markets in other countries and to remove the barriers to allow small and larger businesses to develop abroad.

5.12 Andy Klom said that the concerns expressed about health were shared by all EU countries but in many ways were no different to those encountered in the past in relation to issues such as toy safety. These had been resolved by working together to develop common standards and harmonisation etc. While it was a matter for an individual member state to decide how much of its health services were provided in the private sector, where they were, it was important to ensure these were not closed to competition. The key to this was to link mutual recognition of qualifications and service standards and, if one could achieve this, then the issues ultimately came down to ones of competitiveness. Nonetheless, he recognised that after many years there were still some issues to be resolved. Generally, the objective was to develop a system of mutually recognising qualifications in other countries and generally this was achieved by moving standards upwards. While he was not an expert in the health services sector, he thought there were already bilateral 'recognition' agreements between countries in relation to doctors and nurses which would provide a basis for moving forward. He said he thought that suggestions that health services could be removed from the Directive were an extreme position to take and he was not sure whether it was practicable.

5.13 In response to a question, Mr Klom said he would find out for the Committee how far progress had been made in relation to health services in the mutual recognition of qualifications. This would allow the Committee to understand how much the Directive was focusing on a trade issue and how much about uncertainties about qualifications in other countries. Andy Klom agreed to look into this and it was suggested, also, that the BMA and Community Pharmacy Wales might also be able to provide some information on this.

[Action: Andy Klom, BMA Wales, Community Pharmacy Wales].

Item 6: The EC's Work Programme

Paper: EUR2 02-05(p8)

Paper: EUR2 02-05(p9)

Paper: EUR2 02-05(p10)

6.1 Andy Klom introduced the EC's Forward Work Programme saying it was organised under the key headings of: prosperity, solidarity, security and external priorities, all of these were under the overarching objective of sustainable development.

6.2 Its main priority is to restore growth and establish a strong economic economy. The Commission

proposed to do this through the re-launch of the Lisbon Strategy of which the key initiatives this year were a package of economic measures to increase growth and jobs. The EC, Member-states and stakeholders must work in partnership with one another to achieve this economic growth.

6.3 One member asked whether the work programme included cohesion funds and when it was likely to be concluded. They also requested information on the rural development regulation and funding for Leader. One member also requested an update on latest accession position of Turkey.

6.4 Andy Klom noted that cohesion funds were embedded in the work programme and that recent discussions suggested that a decision may be made by the end of June. If the decision was pushed to the UK presidency they would have difficulty in negotiating a deal and therefore it could be pushed back onto the Austrian Presidency. In answering the specific question on the rural development regulation Andy Klom agreed to come back to the Committee with information on the mainstreaming of the Leader programme. [Action: Andy Klom].

6.5 Andy Klom said that the Commission favoured the accession of Romania and Bulgaria in 2007 but in the case of Romania there were reforms and clauses, which if they were not met in the next two years would lead to a 'standstill period' until they were met. Negotiations for the accession of Turkey into the EU had begun, but there were no guarantees that they would become a member.

6.6 Andy Klom outlined possible European policy priorities for the Committee to focus on. He suggested elements of the new work programme in the Lisbon Strategy, Sustainable development strategy, services directive, financial perspective 2007 - 2013 and the communication strategy. He also commented that the Assembly would have the opportunity to feed their views on European policy through the Council of Ministers meeting. He said that he would advise on an ad hoc basis when the best time to intervene.

6.7 Summing up, The Chair noted the importance of the Lisbon Agenda and Sustainable Development as well as the Services Directive, which the Committee had discussed. There was also a need to consider the revised Working Time Directive. She emphasised the importance of a forward work programme not being exclusive. The Chair agreed that the Clerk would e-mail to members suggestions of possible issues that the Committee might focus on. [Action: Clerk]

Item 7: Update from Members of the Committee of the Regions

7.1 The Chair noted that Rosemary Butler was unable to be at the meeting as she was attending the Members of the Committee of the Regions. There was therefore nothing to report under this item.

EEAC Meeting 7 July

Concluding the meeting the Chair said that Members had been canvassed by e-mail about holding the Committee's 7 July meeting at the International Eisteddfod in Llangollen followed by a visit to an

Objective 1 project in the area. This had received good support and the Committee agreed this proposal.