

EUROPEAN AND EXTERNAL AFFAIRS COMMITTEE EUR-03-02(min)

MINUTES

Date: 8 May 2002

Time: 9.30am

Venue: Committee Rooms 3 and 4, National Assembly Building

Attendance: Members

Rhodri Morgan (Chair)	Cardiff West
Nicholas Bourne	Mid and West Wales
Christine Chapman	Cynon Valley
Mike German	South Wales East
John Griffiths	Newport East
Tom Middlehurst	Alyn and Deeside
Jonathan Morgan	South Wales Central
Phil Williams	South Wales East

Standing Invitees

Janet Davies AM	Committee of the Regions
Catherine Eva	Head of the European Commission Representation in Wales
Jos Gallagher	Director, Wales European Centre
Councillor Jon Huish	Committee of the Regions
George Wright	Economic and Social Committee

In attendance

Jan Olbrycht	Marshal of the Silesian Voivodeship
John Casterton	Euro Taskforce in Wales
Russell Lawson	Head of Press and Parliamentary Affairs, Federation of Small Businesses in Wales
Helen Northmore-Thomas	Federation of Small Businesses in Wales
David Rosser	Director, CBI Cymru

Officials

Gary Davies	Head, European and External Affairs Division
Phil Bird	European and External Affairs Division
Francis Cairns	European and External Affairs Division
Des Clifford	Head of the Assembly Office in Brussels
Charles Coombs	Sustainable Development Unit
Howell Rees	Committee Clerk
James Owen	Deputy Committee Clerk

Item 1: Chair's Report

Paper: EUR-03-02(p.1)

1. The Chair welcomed everybody to the meeting, in particular Mr Jan Olbrycht, the Marshal of the Silesian Voivodeship, the equivalent of the First Minister, and Janet Davies who was present in her capacity as the new alternate member on the Committee of the Regions.
2. Apologies were received from Ieuan Wyn Jones, Rhodri Glyn Thomas, Rosemary Butler, Glenys Kinnock, Eluned Morgan, Jill Evans and Rose D'Sa.
3. The Chair highlighted some issues outside of his written report:

- The Assembly's final response to the White Paper on Governance, which was agreed following the last committee meeting on 20 March, had been submitted to the European Commission and was now on their web-site. In addition, the Chair had written to Romano Prodi, Neil Kinnock, Michel Barnier, Welsh MEPs, Paul Murphy and Jerome Vignon with copies of the response. The outside bodies that were invited to contribute to the response would also be sent a copy.
- The Chair announced that on 13 May 2002 he would be travelling to Brussels to sign a joint declaration on governance with a group of other regions including: Emilia-Romagna, Hesse, Marche, Scotland, Flanders, Wallonia, Tuscany, Skane and Aquitaine. This Trans-European regional response was unique. Des Clifford said that the content of the declaration had to be refined to achieve a consensus amongst the regions. There was no mention of tri-partite agreements in the declaration because the German regions were opposed to the concept. The joint declaration represented a positive step forward and the network that had been developed may continue past the governance debate into the Future of Europe debate. The Chair would be meeting Commissioner Barnier to press for early action on the governance agenda and to discuss the implications of the Future of Europe Convention on this agenda.
- Gwenda Thomas had been nominated as the Assembly's full member on the Congress of Local and Regional Authorities of Europe (CLRAE) which was divided into a regional and local chamber. Gwenda Thomas would represent the Assembly on the regional chamber and would attend the CLRAE plenary session in Strasbourg on 3-6 June. Councillor Alan Lloyd would be a substitute member on the local chamber.
- The Danish Ambassador had been invited to attend the next committee meeting on 12 June for discussion on the priorities of the Danish Presidency of the Council of the European Union, July to December 2002.
- The Chair attended a meeting of the Chairs of the UK European Committees in London on 22 April. There was discussion on the current reviews and priorities of the committee's and the group met the House of Commons representatives on the Convention on the Future of Europe, Gisela Stuart, Labour MP for Birmingham Edgbaston, and David Heathcoat-Amory, Conservative MP for Wells. Gisela Stuart was also one of the 12 members of the Praesidium which had the job of setting the agenda of the Convention.

1.4 Members made the following points in discussion on the Chair's oral and written reports:

- The issues raised by the White Paper on Governance were not completely distinct from the Convention on the Future of Europe although the bigger constitutional issues would be considered by the Convention and settled in the 2004 Inter-Governmental Conference.
- The committee agreed that the joint declaration on governance illustrated the common interest between regions and was a positive step forward. Wales and Emilia-Romagna

had co-operated extensively on preparing the declaration and had developed close links as a result.

- The Commission would welcome contributions on the Future of Europe debate from all sections of society and the theme of the Romano Prodi visit to Wales on 24 May would be the Future of Europe.
- A wide range of bodies were represented at the Commonwealth Parliamentary Association Regional Conference which took place at the National Assembly.

5. The committee discussed the future of the Wales European Centre (WEC):

- The European and External Affairs Committee was the ideal forum for discussion on issues such as WEC.
- Sir John Gray had been commissioned by WEC to report on its future and he was currently consulting on the best way forward. A report would be produced by 10 June 2002.
- The future of WEC was a matter for negotiations with other stakeholders although the Assembly Government had no influence over the decision taken by the Welsh Local Government Association (WLGA) to withdraw from WEC. WEC was setup as a stakeholder body but the fact that had to be faced was that if the WLGA confirmed their decision to pull out, 90% of WEC funding would be provided either directly by the Assembly or through Assembly Sponsored Public Bodies (ASPBs). It would not be easy to justify the Assembly funding two Brussels offices.
- In order to make the biggest possible impact in Europe, it was important that Wales should have the most effective possible presence in Brussels.
- ASPBs decided independently on the best method for getting a European information service tailored to their own needs. In the current context, ASPBs would be deciding to remain members of WEC or to come under the umbrella of the Assembly Office.
- The Welsh Assembly Government Office in Brussels would provide full facilities for all Assembly Members visiting European institutions in Brussels. The Presiding Officer and the Assembly Government would establish a concordat on how this service would operate.
- The Welsh Assembly Government Office in Brussels had a quasi-ambassadorial function in which it represented Wales as a country, whilst receiving its policy steer from the Assembly Government. WEC provided an information, intelligence and lobbying service for its stakeholders and it also provided facilities and information for all in civic life in Wales.
- For the sake of WEC staff, it was important that a decision on the future of WEC was agreed before the start of the summer recess.
- The committee agreed to consider these issues again following the publication of the Sir John Gray report (**action point**).

Item 2: Discussion with the Marshal of the Silesian Voivodeship

1. The Chair invited Jan Olbrycht to make a presentation on Silesia and the prospects for further co-operation between Poland and Wales. Jan Olbrycht made a power point presentation on Silesia (attached at Annex A).
2. The following points were made in discussion:
 - Silesia was currently making provisions for the opening of an office in Brussels in September 2002 as part of an attempt to develop a significant presence in Europe.
 - Silesia was looking for regional partners to coincide with Poland's possible accession to the European Union and Wales shared the same social consequences of a coal and steel past. Silesia already had a number of agreements with regions in the European Union and was interested in a partnership with Wales in advance of accession in 2004. These partnerships would be particularly useful for preparing structural fund projects and the exchange of information between regions would be vital to economic development in Silesia following accession.
 - There were strong similarities between the political structures of Silesia and Wales.
 - The Silesian administration had competences in a number of areas including the functioning of hospitals, cultural responsibilities, aspects of social policy, the regional road system, spacial planning and geographical information systems, collection of payments for environmental protection and responsibility for 150 public institutions. The Silesian administration would also be an active partner on structural funds working alongside central government and independent local authorities.
 - Silesia was looking for rapid development of its high-tech and tourism industries.
 - The sale of energy produced in Silesia would be important in the future.
 - The coal industry in Silesia still employed 30,000 people or so. Central government in Warsaw had responsibility for the restructuring of the heavy industrial sectors. The production of coal in Silesia could be sustained by entering new markets. Negotiations on a national plan for the steel industry in Poland were currently taking place.
 - The agricultural industry in Poland was much more positive now about its entry into the European Union.
 - Poland would need to develop equality policies in the near future.
 - The Chair said that the Welsh Assembly Government would work towards establishing a treaty of mutual co-operation between Wales and Silesia over the coming months.

Item 3: Discussion with a Member of the Economic Development Committee

1. Due to time constraints, the committee agreed to reschedule this item for the next meeting on 12 June.

Item 4: The Future of Europe Convention

1. Des Clifford introduced the paper which outlined the parameters of the Future of Europe

debate. Peter Hain, MP for Neath and Minister for Europe, would represent the UK government on the convention whilst Gisela Stuart MP and David Heathcoat-Amory MP would represent the UK parliament. The likely outcome of the Convention was that the European Union (EU) would adopt a constitution to provide a clear, single statement on its purpose and role. A constitution would also serve to replace existing treaties that covered a large range of governmental issues. The main issues that would be considered as part of the debate include the division of competences, simplification, the role of institutions and increasing democracy and transparency. The governments of member states would be the main actors in the debate and it would be important for the Assembly to utilise all available channels to influence the UK government. The Assembly could also seek to influence the debate through the Committee of the Regions.

2. The following points were raised in discussion:
 - There was no formal machinery for contributing to the Convention, although the committee could seek to influence the debate by submitting contributions to Convention members.
 - The committee was interested in what the role of the regional tier of government would be following the conclusions of the Convention. The Chair agreed to discuss this issue with regional counterparts and Commissioner Barnier at their meeting on 13 May.
 - The Convention would consider whether a new institution should be created to work alongside the Council of Ministers and the European Parliament. The new institution could be comprised of representatives from member state parliaments, regional tiers of government or from European committees. The future role of the Committee of the Regions would need to be determined by the Convention if a new institution was to be established.
 - More involvement by regional tiers of government in the EU could contribute to the reduction of citizen alienation, although it was a significant problem that required attention at all levels.

Item 5: The European Single Currency

Paper: EUR-03-02(p.4)

1. The Chair welcomed David Rosser, the Director of CBI Cymru, Russell Lawson, and Helen Northmore-Thomas from the Federation of Small Businesses in Wales (FSB) and John Casterton, the Manager of the Euro Taskforce in Wales to discuss the implications of the single currency in Wales with the committee.
2. David Rosser said that CBI members had coped with the introduction of the single currency in Wales comfortably. Businesses had conducted Euro transactions as they would with any foreign currency and the CBI had received no requests for assistance from its members. The only problem that the CBI was aware of concerned the cross border clearance of cheques. .
3. Helen Northmore-Thomas outlined the research undertaken by the FSB on the impact of the single currency in Wales. The research elicited two common responses from FSB

members, some businesses had not, and did not want to receive information on the Euro and some were concerned about the possible impact of the Euro and had received too much information. A common theme amongst FSB members was that the Euro had no current relevance to businesses that did not operate abroad and that the demand to spend Euros in Wales had not emerged.

4. The following points were made in discussion:

- There was little evidence to suggest that businesses were encountering problems should they have to produce quotes in Euros.
- The problem of cheque clearance existed prior to the introduction of the single currency and it had more to do with different clearing systems in member states than banks charging commission.
- When coping with practical issues such as purchasing tills to accommodate the Euro, local authorities and businesses had to examine the value and necessity of this expenditure.
- The impact of the Euro in Wales would become clearer in September following the main tourist season.
- The banking industry had offered businesses practical advice to coincide with the introduction of the single currency.
- The information available on the Euro should be streamlined and advice should be straightforward, addressing specific business issues.
- The single currency was new to all citizens in the European Union and the committee was reassured that businesses in Wales had yet to experience major problems.

Item 6: European Transnational Programmes

Paper: EUR-03-02(p.5)

1. Francis Cairns introduced the paper which updated the committee on Trans-European co-operation programmes. The three programmes affecting Wales had all been approved by the European Commission but were at different stages of implementation:
 - The North West Europe programme's first call for applications was under way and would close on 15 May. The first Programme Monitoring Committee (PMC) was held on 25 April in Brussels and John Griffiths represented the devolved administrations. The Steering Committee that would approve, defer or reject projects would be meeting on 26-27 June and a representative from the Welsh Development Agency would sit on that committee. A second call for projects would take place in the autumn.
 - The first call for projects for the Atlantic Area programme was unlikely to take place until the autumn. Councillor Alan Barrett would hold a seat on the PMC for the first two years. The launch of the programme had been planned for 24 June in Poitiers.
 - Wales was in the West Zone of the Interreg IIIC programme and the programme complement was currently being re-drafted. The aim was to have information packs ready during the summer but project call dates had yet to be set.

1. The following points were made in discussion:

- John Griffiths said that technicalities on language were discussed at the programme monitoring committee that he had attended. A wider definition on significant impact projects for single nations was proposed by Germany and agreed by the monitoring committee. There was also discussion on the possibility of holding an event in Wales on crosscutting themes.
- Only member states can access the programme funding. Accession states would be able to enter the programmes in due course and Jan Olbrycht commented that Silesia was observing the IIIB and IIIC programmes with growing interest.
- The normal European Regional Development Funding regulations applied to all of the programmes. The process was currently delayed but when it moved forward it would be important for funding to be drawn down when it was available to avoid the risk of it being withdrawn.

Item 7: Sustainable Development

Paper: EUR-03-02(p.6)

1. Charles Coombs introduced the paper and updated the committee on the Assembly's proposed pan-European sustainable development network. A revised funding bid had been prepared under the European Commission's 'Innovative Actions' grant regime and discussions on the bid had reached a final level. Subject to ministerial consideration, the bid would be forwarded to the Commission for approval.
2. The following points were made in discussion:
 - The committee welcomed the progress on this project and recognised the significance of linking with other regions at the European level.
 - The bid for support for this network was linked with a bid for four projects within Wales. The four projects were; the expansion of the 'Landmap' programme; a project where consultants were working with small organisations on sustainability (facilitated by the University of North Wales, Bangor); a project between the Welsh Development Agency and small and medium-sized enterprises to scope opportunities in new, sustainable technologies; and, an observation project based in Cardiff Business School which would audit the other projects and link with the Commission to develop good practice in sustainable development.

Item 8: Reports from Standing Invitees

1. Jos Gallagher said that the Wales European Centre would continue to circulate quarterly reports to members of the committee.
2. There were no further contributions from the standing invitees.

Item 9: Minutes of the Previous Meeting

Paper: EUR-02-02(min)

9.1 The minutes of the previous meeting were agreed.

The meeting concluded at 12.15pm.