



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

EUROPEAN AND EXTERNAL RELATIONS COMMITTEE

Thursday 3 October 2013

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EUROPEAN AND EXTERNAL RELATIONS COMMITTEE
16th Meeting 2013, Session 4

CONVENER

*Christina McKelvie (Hamilton, Larkhall and Stonehouse) (SNP)

DEPUTY CONVENER

*Hanzala Malik (Glasgow) (Lab)

COMMITTEE MEMBERS

*Clare Adamson (Central Scotland) (SNP)

*Roderick Campbell (North East Fife) (SNP)

*Willie Coffey (Kilmarnock and Irvine Valley) (SNP)

*Helen Eadie (Cowdenbeath) (Lab)

*Jamie McGrigor (Highlands and Islands) (Con)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Agnes Lindemans (European Commission)

Andrius Nikitinas (Embassy of the Republic of Lithuania to the United Kingdom)

Asta Skaisgirytė Liauškiene (Ambassador of the Republic of Lithuania to the United Kingdom)

Dimtcho Tourdanov (European Commission)

Ieva Zalīte (European Commission)

CLERK TO THE COMMITTEE

Katy Orr

LOCATION

Committee Room 2

Scottish Parliament

European and External Relations Committee

Thursday 3 October 2013

[The Convener opened the meeting at 09:02]

European Structural Funds

The Convener (Christina McKelvie): Good morning and welcome to the 16th meeting in 2013 of the European and External Relations Committee. I make the usual request that all mobile phones and electronic devices be switched off.

I welcome Clare O'Neill, who is our new committee clerk. She has taken over from Lauren Spaven-Donn. We should put on the record our thanks to Lauren for her work. Members may be interested to know that she has taken up a post in the Scottish Government's immigration department. She has gone from European and external relations to external relations in the Government, so she is delighted. We are really looking forward to working with Clare.

Agenda item 1 is evidence on European structural funds from our colleagues in Europe. The committee has a continuing interest in European structural funds, and on our business planning day we agreed to continue that work and have a round-table discussion with European officials and key Scottish stakeholders in November. This morning, we will take evidence from European Commission officials via videolink. Good morning, Brussels.

We welcome this opportunity to hear from officials from the directorate-general for regional and urban policy and the directorate-general for employment, social affairs and inclusion about the main changes to the objectives and operations of the new funds for the programme. I welcome Agnes Lindemans, who is the head of unit, regional operations in Ireland and the United Kingdom; Ieva Zālīte, who is programme manager, regional operations in Ireland and the United Kingdom; and Dimtcho Tourdanov, who is programme manager, Scotland European social fund operational programmes.

I ask our colleagues in Brussels to make an opening statement.

Agnes Lindemans (European Commission): Good morning and thank you very much for inviting us to this evidence session.

As an opening statement, I want to inform members where we are in the preparation for the

2014-20 programming period. First, there is the regulatory framework preparation, which means negotiations in the Council of the European Union and the Parliament on the European Commission's proposal. In the timetable, it was initially foreseen that we would have the regulations approved by the three institutions before the summer so that they could be published in the *Official Journal of the European Union* just after the summer and we would have a formal regulatory framework ready that would allow us to enter formal negotiations with member states.

Unfortunately, that is not the case. There has been agreement on a lot of elements of the regulations, but there is still no agreement on the most difficult issues. The trilogue discussions between the European Commission, the European Council and the European Parliament are ongoing in an intensive way. I just checked with my colleagues who are following them and they told me that further progress was made yesterday evening but there is still not a final agreement on the most controversial issues in the regulations, which are the performance reserve, the co-financing rate, the rate for pre-financing and the macroeconomic conditionalities. We can come back to those issues later, if the committee would like to do that.

That position does not mean that we have not started with the UK process for the preparation of the programming period, which, as you will know, starts on 1 January 2014. Two stages are foreseen in the process, the first of which is the agreement on the UK partnership agreement, which is a UK-wide strategic document in which the main principles of the structural fund intervention will be agreed between the Commission and the UK. That will be followed by the second stage, which is the discussions and negotiations on the operational programmes. We will conduct those discussions with the devolved nations of Scotland, Wales and Northern Ireland, and then with England. We expect that we will be able to conduct those discussions in parallel with the discussions that we will have with the UK on the partnership agreement.

The Convener: Thank you for that. You will notice that there is a slight delay in the transmission. We move on to open questions, and the first question is from Helen Eadie.

Helen Eadie (Cowdenbeath) (Lab): My question concerns how the European Commission hands over pots of money to member states for their regions. I am eager to discover from the European witnesses whether that money will simply be passed on to the UK regions and sub-regions. If that is the case, there is likely to be a major shift in resources for economic development to the south of England. As we all know, that could

mean that the south of England will gain nearly €1 billion compared with areas elsewhere in the UK that have particular needs, including not only Scotland but areas in the north of England, central England and Wales.

I understand that you negotiate with the UK Government on a complex formula that is based on a variety of aspects, but what we need to know from you today is the extent to which the south of England is likely to gain in all of this. How likely is it that you will be able to find ways of controlling how the UK disperses the funding? How can you help us to minimise losses to devolved regions, whether that is to Wales, Scotland or elsewhere, given that you have a strategy to follow at the European level? I would really be grateful for an answer to that question.

Agnes Lindemans: Your questions are mainly about how funds are allocated from the EU budget to different regions in Europe and particularly to the UK and Scotland. As you said, the process is quite complicated. It is not very easy to understand, but it has a rationale behind it.

The allocation process works in two stages. The first involves the allocation that the European Commission decides to make to each member state—so the UK has an allocation—from the total budget that has been approved in the context of the multi-annual financial framework. The allocation is communicated to the UK authorities in the summer.

That allocation is at the UK level, but it contains an allocation for each of the three categories of region in the UK. We have communicated three figures to the UK—the allocation for the less developed regions, which are only in Wales and England and do not concern Scotland; the allocation for the transition regions, with which Scotland is concerned because the Highlands and Islands qualify as a transition region; and the allocation for the more developed regions.

Once that has been communicated to member states, it is up to them to decide how to subdivide the three allocations in the regions that correspond to each category—the less developed, transition and more developed regions. The UK can use the EU criteria for that or it can use additional criteria if it thinks that they fit UK circumstances better.

We have been notified of the UK Government's decision to spread the 5 per cent reduction in the total allocation equally among the devolved nations. The global UK allocation will be 5 per cent less than it was in the previous period, and the UK Government has decided that that reduction will be shared equally among the devolved nations and England. That means that the UK has provisionally given Scotland a 5 per cent reduction in its allocation.

The UK Government took that decision. We noted it, but it has not yet been discussed with the UK authorities. We will discuss it when we get the UK partnership agreement—we get an informal draft first and enter formal discussions later—because we will see in that context not only how the UK proposes to allocate the money to the devolved nations and England but what it intends to do on the priorities and thematic objectives on which it proposes to concentrate the money. We will negotiate with the UK not only on the distribution of the money but on what is behind it and how the UK intends to use it according to the priorities and the EU 2020 objectives.

Helen Eadie: In your further discussions with the UK Government, will you discuss the facts that north-east England will suffer a €500 million loss, that Scotland will suffer a €300 million loss and that it is suggested that the south of England will gain €1 billion? It would be helpful if we could have feedback on that, because there has always been a notion that the least developed areas of the UK should have priority for funding, which matches the European Commission's overall strategy and thinking. I have continuing concerns about that matter and I would be glad to have feedback on it.

09:15

Agnes Lindemans: First, considering the restrictions on the allocations that we have given the UK, earmarked by category of region, I am not sure that the UK can afford to give a substantial increase in the allocation to the south of England. We still need to see the figures to try to understand how that would work out.

In any case, to consider the point in the abstract, it is a given that we will look at the socioeconomic situation of the different regions with regard to unemployment and gross domestic product per capita. We will see where the most important needs are in the UK, we will discuss that with the UK and we will ensure that the amount of money that is allocated to the areas corresponds to those needs.

Our policy is for the benefit of the whole territory of the European Union—that is true. On the other hand, we also have to ensure that the most deprived areas get their proportional share of the total allocation.

The Convener: Thank you. I quickly add that we are aware that the UK has developed its own formula. The Deputy First Minister in Scotland is in negotiations with the UK Government because that formula gives us a bit of an uplift but, as you say, nothing is set in stone yet, so we need to wait. However, from the work that the committee has done, we have that bit of information that there is a UK formula rather than a Commission

formula. We anticipate that the negotiations will be successful and that Scotland will not lose as much as we were expecting.

I am not looking for a response on that from the panel. We have a number of questions that will pick up on those aspects.

Clare Adamson (Central Scotland) (SNP): You mentioned in your introduction the failure to reach agreement on the legislative package. Will you give us some practical examples of what the impact of that delay might be?

Agnes Lindemans: Although we are already in early October, we still think that, with the on-going intensive negotiations at the highest level, it is possible that the region agreements can be consolidated by the European Parliament in its plenary session in October or November. That would allow the regulations to be published before the end of the year, which is crucial if we want to take the financing decisions on the different programmes early next year and allow the member states and the regions to officially submit their operational programmes to the European Commission. Even though it is tight, it is still possible to have everything decided and published before the end of the year.

In the meantime, we continue our discussions. They are not the formal negotiations, which we can have once we have decided the formal regulatory framework, but we are in what we call an informal dialogue with the UK and the devolved nations, including Scotland, in order to prepare everything that can be prepared. There is a lot that can be prepared and on which we have agreements in the regulations. We have agreements on thematic concentration, on the investment priorities that lie behind that and on the minimum share of the ESF in the total allocation. We have nearly all the elements that we need to be able to go as far as possible in the negotiation of the partnership agreement and the operational approvals.

We really hope that, despite the delays in getting the formal agreements, we can minimise the period that we will need after the formal agreement is reached to finalise the negotiations from a formal point of view, so we are extending the informal context as much as possible and we hope that the impact of the delays will be minimal. However, everything depends on an agreement at the highest level being reached quickly. If things are postponed until 1 January, we will have bigger difficulties because the starting date of 1 January might be jeopardised, and we will then be in a different context. For the time being, however, that is not yet on the agenda.

Clare Adamson: My next question is on youth unemployment, which of course is a huge concern

across Europe. The most recent figures show that youth unemployment is running at 21.6 per cent for the whole of Scotland, although it is worse in particular pockets, such as the south-west. Can you give us more information on what funding might be available to tackle youth unemployment and whether there are any time constraints on spending the money?

Agnes Lindemans: I will pass that over to my colleague Dimtcho Tourdanov.

Dimtcho Tourdanov (European Commission): Youth unemployment is an issue for Scotland and for the Commission. We are analysing the situation in the whole UK within the 2020 semester. In our country-specific recommendations this year, we indicated that the UK could or even should take measures to increase the employability of young people. The situation in Scotland is similar as regards young unemployed people, and especially the so-called NEETs, or people who are not in education, employment or training.

To answer the second part of your question, the youth employment initiative foresees front loading, which means that member states could start earlier with all the initiatives. As far as I know, we are in contact with the Scottish Government, which has recently started different measures as regards youth unemployment, especially using the remaining moneys from the European social fund and, partially, from the European regional development fund, as well as new measures. Just one region in Scotland will be involved. I saw yesterday from a project on the partnership agreement with the UK that that is the west of Scotland.

There are other, technical issues, such as decisions on how the managing authority, which is the Scottish Government, will start all the policies to address youth unemployment and whether there should be a separate programme or priority access within the programme. It is up to the Scottish Government to make those decisions.

Roderick Campbell (North East Fife) (SNP): We know that the cabinet secretary has reached an agreement with the UK Government that means that, despite falling EU budgets, Scotland will see only a 5 per cent reduction in funds over the seven-year period. How does that 5 per cent reduction compare with the figure for similar regions in Europe?

Agnes Lindemans: It is very early days to compare the Scottish allocation with the allocation for other regions in the EU, merely because, as you will understand, we are still in discussion not only with the UK but with the other member states. It is difficult to make a comparison at this stage because allocation of national moneys to the

different regions is still under discussion between the Commission and the member states, so I can comment only on the differences between the allocations to the member states, not on the differences between individual regions.

Every member state has the right to have its own criteria for how the country-wide allocation that we have communicated to them is then broken down among their different regions, but they all have the same constraint, which is that they must respect the allocation that we have communicated to them by category of region—transition, less developed and more developed.

There is perhaps one little nuance that I should mention, which is that the regulations foresee for the member states a flexibility for transferring money between the different categories of region, up to a maximum of 3 per cent. We have understood from the UK Government decision on breaking down the allocations for the regions and for the devolved nations that it has made maximum use of that 3 per cent flexibility. It has transferred money out of the more developed regions and transition regions to the less developed regions in order to ensure that the 5 per cent reduction can be spread out evenly among the devolved nations.

Roderick Campbell: You have talked about the three pots for the transition, less developed and more developed regions. How has the relative size of those pots and the number of regions in Europe changed since the financial crisis? Are there parts of Europe that have moved down from transition to less developed, for example?

Agnes Lindemans: I do not have the global picture—the figures—for the whole of the EU in front of me. However, when we started with the new regulatory frameworks, when the regulations were put on the Council table in 2010-11, we made an estimation, or a simulation, of the different categories of region in the UK. Cornwall in England, for example, was one of the regions that would have qualified under the transition category. Now, more than two years later, we have more up-to-date figures, taking into account the figures from 2009, 2010 and 2011, and on the basis of those new statistical data we can see that there has been a shift from transition regions to less developed regions. Cornwall, which would have qualified as a transition region, is again a less developed region, and the number of transition regions in England has increased in comparison with the previous set of indicators. We have seen a trend in the UK towards more transition regions and less developed regions, and I would guess that the same trends will be found in comparable member states.

Roderick Campbell: You talked about discussions with the UK Government about its

partnership agreement. I appreciate that those discussions are probably at an early stage, but can you outline the specific issues in the UK partnership agreement that you will be looking at carefully?

Agnes Lindemans: We have agreed with the UK Government that the UK partnership agreement will have one covering chapter that concerns the whole of the UK and which sets out the challenges for the whole of the UK with respect to the EU 2020 agenda. Further details will then be given in separate chapters—on Scotland, Wales, Northern Ireland and England—where the particularities of the challenges facing each of the devolved nations will be further developed.

09:30

We expect the UK partnership agreement to give us a clear picture of the challenges facing the UK with respect to the eight or so EU 2020 headline targets, such as those on research, development and innovation, tackling unemployment and meeting the low-carbon objectives. We expect that the document will contain indicators on how the UK will use all the structural and investment funds available—not only the regional development fund and the social fund but the rural development fund and the fisheries fund—in order to make progress towards the realisation of the EU 2020 agenda. In particular, we want to see how the UK will use our funds to respond to the country-specific recommendations that we addressed to the UK in the context of the EU 2020 strategy.

Willie Coffey (Kilmarnock and Irvine Valley) (SNP): Good morning. My question is on information and communication technology. I know that, as part of the 2020 targets, it was intended that the connecting Europe scheme should provide money for investment in information technology infrastructure throughout Europe. However, the budget for that was significantly reduced, from €9 billion to €1 billion. What was the thinking behind that? What are the implications of that decision for those member states that still need to develop their IT infrastructure throughout their respective countries?

Agnes Lindemans: There was indeed a proposal from the Commission for a connecting Europe facility, which was to cover not only ICT but transport and energy. As you rightly point out, the allocation that we initially proposed for the facility has been reduced in the context of the discussions on the MFF, but the facility is still there. Some of the money that has been earmarked for the connecting Europe facility will indeed be used for ICT infrastructure.

In the partnership agreement, we want to see to what extent the UK will not only use our four structural and investment funds but complement those funds by making use of the connecting Europe facility to meet ICT development needs. In the same way, we would like the partnership agreement to indicate how other funds that are available from the EU—for instance, in the area of research and development under the horizon 2020 budget—will be used to complement what the structural and investment funds do. We expect to see that in the partnership agreement. We will then enter into a discussion to see to what extent funds are available from the connecting Europe facility—which operates under different rules from the subsidiarity rules that apply to structural funds—and to what extent there is a need to complement those with the structural and investment funds or cohesion funds.

To summarise, the connecting Europe facility exists, but the amount of money available is limited. Before we decide whether the connecting Europe facility or structural funds will finance investments in ICT, we need to see what co-ordination mechanisms are proposed by the UK Government to make use of both sources of funds.

Willie Coffey: I am surprised by the big cut in the infrastructure budget from €9 billion to €1 billion and the change in emphasis to e-services, because for an IT service to work it needs the infrastructure to support it and back it up. If the cut is to the physical infrastructure that allows communications to improve, I cannot see how it is wise to spend money on services that require that infrastructure for delivery. Why has the cut been made and how do the member states view it? I simply cannot understand how they could have agreed to such a move.

Agnes Lindemans: As you rightly point out, you can have ICT services only if the basic infrastructure is in place. We know that needs are huge all over Europe; there is still something of a need in the UK, but there are other member states where the ICT infrastructure is even less developed. In fact, the UK is well served from that point of view.

The budget negotiations led to what the European Commission has put on the table—the multi-annual financial framework—which takes into account the huge needs that still exist in the EU. As we all know, several member states were not in favour of such a high EU budget, given the fiscal consolidation difficulties that they were facing at home, and what has been made available is the result of very difficult negotiations. I am sure that you know the UK's position in that context.

As a result, we will have to adapt our ambitions to our means as set out in the budget. The cut that has been agreed means that we will not be able to

do everything that we wanted to do with, for example, the connecting Europe facility, and we will have to prioritise even more the money that we have to ensure that it goes to areas of highest need.

Willie Coffey: Thank you very much.

Jamie McGrigor (Highlands and Islands) (Con): Good morning. I am an MSP for the Highlands and Islands region, which originally did very well out of infrastructure funds under objective 1 and now has transition status.

I have some questions about common thematic objectives. How will the objectives for European structural and investment funds for structural, rural development and fisheries matters operate in practice? For example, how will the managing authorities across the European Union adapt to the common thematic objective approach? Is there any scope for alignment between the structural funds and the funds for agriculture and fisheries?

Agnes Lindemans: I will respond on the question of the principle of concentration behind the thematic objectives and then pass over to my colleague Ieva Zālīte to give a bit more insight into co-ordination between different instruments.

Through the structural fund regulations, there is an agreement among all the institutions that ensures that we know what the framework is. We have also agreed that the cohesion fund's interventions should be assigned to 11 thematic objectives. The regulations also enshrine the principle of concentration and make it clear that the more developed a region is, the higher the concentration should be on the four key thematic objectives for realising the EU 2020 agenda.

For instance, in more developed regions, 80 per cent of the funding should be concentrated on research, development and innovation, support to small and medium-sized enterprises, the low-carbon economy and ICT investments, of which 20 per cent should be spent on the low-carbon economy. In transition regions, the concentration is a bit lower, with 60 per cent to be concentrated on the four thematic objectives that I have just cited, of which 15 per cent should be spent on the low-carbon economy. In less developed regions, I think that 50 per cent is to be spent on the four thematic objectives, so the concentration is less demanding.

The regulatory requirement is that the more developed a region is, the more it should concentrate resources on those elements that are key to increased competitiveness and increased employment. All the regions are to obey those requirements. At the level of the partnership agreement, we will need to verify whether those requirements are being respected in each of the member states and in each category of region.

Does that answer your question on the thematic objectives?

Jamie McGrigor: Yes, thank you very much.

Despite the fact that political agreement was reached in June, a number of common agricultural policy-related elements have not yet been finalised, such as those to do with interpillar transfers, the scope of the cuts to large direct payments and capping. The European Parliament appears to be unhappy that it is not being allowed fully to exercise its recently acquired powers of co-legislating with the Council on the CAP. Is that what is holding everything up?

Agnes Lindemans: No. Of course that is an additional element that makes the current informal dialogue more complicated, but it is not the main block to progress with the partnership agreement, if that is what you are asking about.

On the negotiation on the agricultural funds regulation, we do not have my colleague from DG agriculture and rural development at the table. I will need to verify with him the current state of play on the negotiations and what the blocking factors are. I am sorry, but I have no further information on that. I am looking to my colleagues, but I do not think that they have more information.

Jamie McGrigor: Are you satisfied that the thematic objectives are creating more employment, which is, after all, the objective?

Agnes Lindemans: I give the floor to Dimtcho Tourdanov.

Dimtcho Tourdanov: Allow me a question in order to be sure that I understand your question. Did you ask how the thematic objectives contribute to creating employment?

Jamie McGrigor: I am not saying that they are contrary to creating employment; I am saying that when I look at the funds coming into agriculture, for example, I have seen less employment in agriculture over the years.

Dimtcho Tourdanov: As Agnes Lindemans said, we would expect our colleagues from the relevant DG to speak about agriculture.

Let me add just one sentence in response to your first question. Under the investment priorities for thematic objectives 8 and 10, which are on labour market mobility and on education, lifelong learning and skills, support can be provided for agricultural and fisheries areas where there is a need to support unemployed people. That is part of the alignment of the funds.

09:45

Agnes Lindemans: On how we will ensure that the investments that are selected will deliver

results, I can say something about results orientation and performance orientation, which are now embedded in the new regulations. We want to concentrate on thematic objectives. Once we have agreed those thematic objectives, for each objective and each investment priority within each thematic objective, we want to have a clear agreement on the results and outputs that will be realised through the investments.

Instead of considering what someone is going to do, we will consider what they are committing to achieve with the EU money. In each of the programmes, we will establish what we call a performance framework, in which, for each investment priority, we will agree the outputs and results to be achieved as well as the milestones towards the achievement of those results. Those will be regularly monitored throughout the implementation of the programmes.

There is one important rendezvous between the Commission and each of the regions. In 2019, we will do a complete review of the performance frameworks and the results that have been achieved by then. In cases where the results are not on track, the Commission will enter into a dialogue with the managing authorities and will determine to what extent remedial action must be taken to bring the programme back on track, by reinforcing other priorities and so on. We will enter that dialogue. We will not just wait seven years and see what the results are; we will have a midway, formal rendezvous with the managing authority, when a review will take place on whether the money has produced the agreed results.

There is still a question around the performance reserve. The Commission's proposal was to set aside 7 per cent of the allocation to each priority until 2019. That 7 per cent would be released only if the dialogue and the implementation results showed that the targets set for 2019 had been reached. It is still not yet agreed that that additional reserve will be in place in order to give a premium to investment priorities that have fully complied and achieved the desired results. That is still under discussion.

However, we have agreed the principle of setting milestones, agreeing on results and checking halfway through whether the results have been achieved, and those measures will take place.

Hanzala Malik (Glasgow) (Lab): Good morning. What are the Commission's objectives in shaping the structural funds programme? In particular, what types of projects are likely to be funded? What types of programmes are not likely to be funded in the current programming period?

Agnes Lindemans: It is perhaps important to remember that we as the Commission are not involved in the selection of individual projects. We are under shared management and under subsidiarity rules, so we agree with the regions the thematic objectives, the strategies, the investment priorities, the results and the outputs that should be realised, but we as the Commission do not intervene on how those agreements are ultimately translated into individual projects.

There is an exception for major projects above a certain threshold, where we are involved because we have to carry out certain checks, but for the rest we leave it very much to the region to design the way in which the projects are selected.

That being said, we know that the Scottish Government wants to make some changes to the way in which projects will be selected. Perhaps my colleague Ieva Zālīte can say a few words on how the Scottish Government intends to change the way that it selects projects.

Ieva Zalite (European Commission): In the current programme, we see quite a lot of integration between the funds, especially between the ESF and the ERDF. In the next programme, the Scottish Government proposes to draw together the ERDF, ESF and maritime and rural funds into three thematic Scottish funds that will be aggregated around the following areas: competitiveness, innovation and jobs; environment, resource efficiency and low carbon; and social inclusion and local development. Part of the aim is to ensure that, as it were, the wiring behind the funds is hidden from project promoters, so that access to the funds is made much easier.

We understand that the Scottish Government also wants to work with the strategic delivery agencies, in looking at their plans for the next five or six years, to ensure that the European structural funds are aligned much more with the sources of match funding so that there is better and easier access to the funds overall. That could help to remove the burden from project sponsors and community groups and place it where there is better experience and understanding of audit needs.

Hanzala Malik: Will that be more beneficial for groups that are starting up projects? Do you believe that it will be worth while for projects to use that approach rather than what was done historically? In Scotland, we have always had the problem that we have underapplied for funding and we have not succeeded in getting all the funds that we might have got. Do you believe that the new approach will be a better way of achieving that goal?

Ieva Zalite: We will have to see how that works in practice. In the negotiations on the partnership

agreement and in the operational programmes, we would like to see how the new approach will be delivered in practice. At the moment, we are speaking about a proposal from the Scottish Government about the future management of funds that would take a different approach from that of the current programme.

I understand that there is also a need to take into account the issue of match funding. In some instances in the past, small organisations perhaps had difficulties in ensuring the availability of match funding. Delivering programmes in a more strategic way will not exclude the smaller organisations from programme implementation and project delivery; it will take away from them the administrative burden of looking for match funding and creating those funding packages, which is the case in the current programmes.

Agnes Lindemans: We also understand that the proposal that is on the table is the result of wide consultation that has been done by the Scottish Government among different stakeholders. We know that it has been preparing the new programme periods for quite a while now. It has organised public consultations and working groups to discuss how the structural funds should be better delivered in future.

We understand that there is quite a wide partnership in support of the proposal; we appreciate that it is a result not just of the thinking of a couple of officials in an office but of a wide consultation among the different partners involved.

Hanzala Malik: Match funding seems to be quite a serious burden on a lot of organisations. Is there any relaxation in the match funding requirement if there are unique programmes that could show a real benefit at the end of them and the only reason that they are not being taken up is the match funding implication? What options are there for people? Could they perhaps explore other avenues rather than just simple match funding?

Agnes Lindemans: Again, in the regulations, there is a differentiation between the categories of regions as regards what is needed in terms of match funding. The match funding level is higher for more developed regions than for transition regions, and the level is higher for transition regions than for less developed regions.

The principle of match funding—of co-financing—is very important for the European Commission. On one hand, it is the expression of the principle of shared management—that this is a co-responsibility between member states and the European Commission and everybody has to put money into the different projects. On the other hand, it is an expression of our wish for the additionality of our money with respect to what the

member states are doing. We want our money to be used in addition to what is done at the level of the member states; we do not want it just to replace what the member states would have done otherwise.

What is the right balance between how much money should come from the European Commission and how much should come from the member states? That is something that you could discuss. I know that one of the critical points in the trilogue discussions is on the level of co-financing, in particular for transition regions. There is no agreement yet on what the level of co-financing should be in transition regions because all the partners around the table know the budgetary difficulties under which the member states and regions are operating.

You can discuss that issue, but the principle remains very important as an expression of the shared management principle and also to ensure the additionality of our funds to member states' initiatives.

Hanzala Malik: Thank you very much for that.

The Convener: We have a brief supplementary from Clare Adamson, and then I have a final question.

Clare Adamson: My question goes back to the themes that were mentioned by my colleague Jamie McGrigor. You said that 80 per cent of the funding would be centred on those themes. I want to drill down on the research and development aspect.

Scotland's universities perform very well in terms of world ranking and we are very proud of the research that they do. The UK spends 1.7 per cent of GDP on research and development and, although Scotland does slightly better than that with the Barnett formula, it tends to be very close to the UK figure. If we compare that with Sweden, which spends 3.7 per cent, there is obviously a huge disparity across Europe. Is there a target percentage of GDP that countries ought to spend on research and development? Is there any incentive to encourage countries that perhaps underperform in comparison with others to increase their percentage spend on research and development?

10:00

Agnes Lindemans: Research and development is one of the EU 2020 key targets in the European agenda. The headline target for research and development is 3 per cent. The European Union would like 3 per cent of its overall GDP to be spent on research and development. That said, we know that the member states qualify quite differently with respect to this target. Some member states

are already above the target—for example, Finland and Sweden, which are, as always, the leaders in research and development.

The UK overall is regarded as an innovation follower, which means that it is around 3 per cent but just qualifies on average. There are quite a few member states that are well below that, even below 1 per cent of their GDP. I think of Romania and Bulgaria, where it is a big issue and where there are other needs to cover.

When we consider what the UK will spend on research, development and innovation, we will consider where it is now in respect of its target but we will also encourage it to do even more than the EU 2020 target in order perhaps to compensate for other member states that spend less. We think that there are quite a few opportunities throughout the UK to move on and to go beyond the minimal 3 per cent target.

That is one aspect of the issue, but I am glad that you have asked the question because it also gives me the opportunity to say something about the smart specialisation strategy that is now a precondition for all regions. We want member states that invest in research, development and innovation to come up with a smart specialisation strategy. The important word here is "smart". Smart specialisation means that each region should develop a strategy for research and development but also for innovation, which is important in the collaboration between universities and SMEs.

The strategy should be designed according to the comparative advantages of one region over other areas in Europe, where it finds opportunities to create competitiveness and sustainable jobs that can be better placed there than in other areas. That is what we look for before we release funds in the area of research, development and innovation.

I am pleased to say that Scotland is quite advanced in the development of a smart specialisation strategy. Well before we spoke about ex ante conditionality, it invested in the development of such a strategy. Once developed the strategy is constantly monitored and adapted to new challenges. Scotland even takes part in the platform of a Europe-wide network in order to engage in a discussion with other regions on how to refine and improve the strategy, and to guide other regions on what a smart specialisation strategy should look like and how it should be developed.

Clare Adamson: Thank you.

Helen Eadie: A number of my colleagues in the Scottish Parliament take a particular interest in certain countries across Europe. For example, it is fair to say that Willie Coffey takes a particular

interest in Serbia and Kosovo and I take a special interest in Bulgaria and Romania and, to a lesser extent, Hungary.

What forward thinking have Commission officials done to get better funding for closer political, social and economic union between countries such as Scotland, which are relatively well developed, and some other countries that have had to face particular challenges in recent history?

Agnes Lindemans: Part of the budget of the cohesion policy is set aside for what we call European territorial co-operation programmes. We have three types of programmes. Scotland is involved in some of the classical cross-border programmes, and we also have other programmes, which are about interregional and transnational co-operations.

Those programmes are designed to create networks in which different regions with similar problems or challenges can participate, exchange experience and be involved in joint actions in particular areas, such as research and development or support to SMEs. Although such programmes represent a small share of the available money, they create the possibility of engaging in interregional co-operation.

The Convener: I have a very quick final question. I know that we are slightly overrunning, and we are grateful to you for persevering with us. I have the perennial question that we have been faced with from stakeholders for years. We always say that we will make audit and compliance much more streamlined, much easier to follow and much less bureaucratic. Can you give us some insight into the progress that has been made to make compliance and audit much less of a minefield?

Agnes Lindemans: Yes. I will pass you to my colleague, Dimtcho Tourdanov, who will give you some insight.

Dimtcho Tourdanov: One of the more important issues for the future programming period is how to simplify the implementation of the funds and, in particular, how to reduce audit problems, which we have had in the past—including in Scotland, unfortunately.

There are concrete proposals for how member states can simplify the implementation of the programmes. We did our best in September to organise in Scotland, with the Scottish Government, a UK-wide workshop on simplifying costs for the future period.

The proposals have been accepted and they have been successful. The main idea is to introduce more opportunities for the member states to apply their own flat rates or to use other methodologies that already work in the member

state to reduce the audit problems. For example, in the current programming period, the methodology of applying unit costs has been used in the lowlands and uplands. An ESF programme, which proved to be very successful, used the methodology of the Scottish Further and Higher Education Funding Council. There will be no obstacles to using similar simplifying methodologies in the future programming period.

The Convener: Are there any plans to repeat the seminar in Scotland?

Dimtcho Tourdanov: We would not mind. If we get a request from the Scottish Government or from our colleagues in the managing authority, we can organise one again.

The Convener: Excellent. We would quite like to keep an eye on the topic with our Government and Parliament, and there is keen interest in this topic across all parties in Scotland.

We seem to have exhausted our questions for today. We will follow up with you on the seminar idea because it is always a good opportunity to share experience and understanding. On behalf of the committee, I thank you very much for answering our questions conclusively. You have certainly informed the work of the committee.

I will suspend the meeting briefly to allow our broadcasting officials to get sorted. We can grab a quick cuppa, but members should come back to the table as quickly as possible.

10:10

Meeting suspended.

10:13

On resuming—

Scottish Parliament European Union Strategy

The Convener: Welcome back to the meeting as we move swiftly on to item 2. I impress on colleagues that we have about 15 minutes to get through the next few agenda items in order to be on time for our guests.

Members have a paper in front of them on the Scottish Parliament's European Union strategy. We are going to approach this slightly differently to how we normally do it, because a lot of the work has already been done. Members will see that the paper draws attention to the broader priorities. If you have any questions, comments, or ideas, please speak now or forever hold your peace.

Roderick Campbell: The approach appears to be eminently sensible. Wearing my other hat as a member of the Justice Committee, I mention that we are aware of protocol 36 of the treaty of Lisbon and will be allocating time to look at the issue carefully.

Clare Adamson: I think that the approach is sensible.

The Convener: As there are no other comments or questions, are members happy to agree the proposal and do this slightly differently and a bit quicker?

Members *indicated agreement.*

“Brussels Bulletin”

10:15

The Convener: We move on to agenda item 3. When we were in Brussels last week, the Scotland Europa people were keen to get our views on how we use the “Brussels Bulletin”. We explained that we find it very valuable.

Do members have comments or questions?

Roderick Campbell: I note the Commission's advice that more British students should take up more foreign languages at school. We have our one-plus-two programme in primary schools and the Scottish Government is taking steps to ensure that university departments are required to justify any cuts to languages provision. However, the fact is that too few Scottish and, indeed, UK students are confident in foreign languages and that bars them from applying to study on degree courses abroad.

The Convener: One suggestion is that we send our one-plus-two inquiry report to the Commission for its attention. That would inform the process.

Clare Adamson: I note that the comment was about British students. We have the model in Scotland, but in the British context only a small percentage of students are involved. At the moment the model is used only in Scotland, but I hope that there will be a successful roll-out in Scotland and that the programme will become a benchmark.

I agree that it is important that we work with the British Council to encourage more use of its Erasmus and Comenius projects and more interworking. The statistics show that Scotland and Britain as a whole are underperforming on such engagement.

Hanzala Malik: I have a similar point. We are trying to establish something in Scotland and we need figures that cover what Scotland is doing. Brussels needs to know that this is a Scottish dimension rather than a British one. It might wish to compare like with like, and that is fine, but this area is different, if I can use that phraseology.

I am keen on the idea of twinning schools, which has come up on a number of occasions. It is a valuable idea, but I am not sure where we are with it. We have had a lot of discussions about twinning our schools with our European neighbours, but I do not know whether we have actually done any of that since the programme started.

My other comment is on the work with people with special needs. I am not sure whether we have physically done anything about that. It has been

brought to our attention and we have discussed it, but what have we actually done about it?

If someone could come back to us with that information, that would be helpful. If we have not done anything yet, that is fine. My comments are not meant as a criticism. I am just trying to establish a benchmark and say that the ideas have been brought to our attention, that we learned that there are opportunities, and that we need to take them to the next stages. We need to ask how the projects can be rolled out, who is doing them and how their success is monitored. We feel that they will be successful, but we need to prove that.

I would be grateful if somebody from the British Council or the education department could come back to us with a report on what has been rolled out since we launched the programme—not what was done prior to that but what has been done since then—and how successful or unsuccessful it has been. If it has been unsuccessful, we need to know what the challenges are, so that we can offer support to overcome them.

The Convener: Is the committee minded to write to the British Council asking for an update?

Members *indicated agreement.*

Clare Adamson: The Minister for Learning, Science and Scotland's Languages spoke about that issue in Parliament and noted that it would be a long-term roll-out and many years before we can establish how successful the programme has been in our schools. He was very much looking to the long term for the success criteria.

Hanzala Malik: We need to do something for that to start happening.

Willie Coffey: I want to offer a comment on the open education section, on page 4, which talks about the initiative to provide open-systems architecture for learning, teaching and training in computer systems, to enable skills, materials and resources to be shared in one's own language throughout the European Union. There is one comment that is a wee bit worrying, about us "losing the lead" in the process of global change. I do not know who we are losing the lead to—perhaps to America or to Asia—but it is connected with the message that was discussed earlier about investment in infrastructure.

Those systems are successful, but they do depend on decent and fast access to online materials, wherever they may be stored. For the European Union to be concentrating on that is good and welcome, but perhaps some countries are taking their eye off the ball in terms of investment in infrastructure, which we have been hearing for several months will take a major hit. That will affect quite a number of countries in

Europe, and Scotland is ahead of the game compared with some of our European colleagues, but when you read something encouraging like that, you must always be mindful that behind the initiative is the problem of delivering it on the ground, particularly to rural schools throughout Europe. Despite the effort and the desire to participate in open-systems architecture, it will be difficult for some countries to achieve that. I do not know how we can keep a watching brief on something like that, but I am certainly interested in seeing how it develops.

The Convener: We can ask for more information.

Roderick Campbell: It would be interesting to inquire of the Scottish Government what its input to date has been on the new forest strategy presented by the European Commission.

Helen Eadie: European elections are to take place in 2014. My concern is that we have forces within the United Kingdom that seem to be focused on getting the UK out of EU membership, rather than being productive and proactive in their thinking. There has not been much national public comment about how leading figures from the UK could be nominated as president of the European Union, which is one of the most important positions to be had in Europe. If we want to change the direction of Europe, the thing to do is to be in there arguing the cause, not on the outside. I am pleased to see that that is noted in the bulletin, but I think that we ourselves have a bigger job to do in helping to get out there in the public eye the notion that, although next year is important for the referendum, no matter what side of the argument you are on it is also important that we have the same public discussions about the European elections.

The Convener: Helen Eadie is absolutely right. That is one of the topics that I wanted to pick up on, and it leads into the next topic. I have made a bid for the Parliament day next March to be about Europe, so we can see how to work on that. The bid has been submitted and no decision has been made on it yet, but I hope that we can make it as robust as possible, because the timing is perfect.

Another element that worries me is something that Helen Eadie touched on slightly when she mentioned negative elements in the European election process. In Greece and in some other countries, we have seen the rise of far-right Golden Dawn-type organisations that are not only causing social unrest, but targeting individuals for assassination. When we see countries in such serious trouble, we have to ask what the rest of Europe can do to support those countries, and I do not mean financial support. I am talking about how we build the social fabric and build in support that allows us to point out that that behaviour is not

appropriate and that we should be pulling together and not targeting individuals. Some of that activity has become extremely racist, because it is easy to blame minorities for social or economic upheaval.

It all ties in to the same thing and it worries me that, during the European elections, that agenda could get pushed to the forefront by some individuals and high-profile people who we expect would do that. We must ask how we can counter that here, and how we can support people in Greece, Portugal and other countries that are experiencing serious issues.

Jamie McGrigor: As Helen Eadie said, it is important that people are made aware of the European elections. One reason why the turnout is so low is that the average person does not really know what their MEP does for them, should be doing for them or can do for them. There should be more awareness among people all over Scotland of what the MEP is there for and what he can do, what good he can bring, and so on.

The Convener: Or she.

Jamie McGrigor: Or she, of course. I beg your pardon. She could do it much better, probably.

There appears to be no programme of awareness. There is awareness of the European Parliament and all that, but no awareness of what the individual MEP should be doing or can do for his constituents. There would be a greater turnout if that was the case. How you do it, I do not know.

The Convener: That is a very good point.

Willie Coffey: It would help if the media in the UK were not so absolutely hostile to Europe. Anti-European rhetoric is all that you read day in, day out, and it is time that members, supporters, politicians and other people spoke up for Europe and talked up the positive things that happen in a European context. We see it coming to our table every day, so it is a challenge for us as well, but it would help if the media would lay off Europe a wee bit and begin to promote some of the positive work that goes on in the union and reach out to the public and explain that.

The Convener: I hope that the ranks and legions of journalists who obviously tune in to our committee every time we sit have heard you, Mr Coffey. I really hope so.

Are members content to pass the "Brussels Bulletin" on to the relevant committees? There are a few issues that they will want to know about. We have also taken some decisions on writing to the Commission, to the British Council and to the Scottish Government. Is that agreed?

Members indicated agreement.

10:28

Meeting suspended.

10:35

On resuming—

Presidency of the Council of the European Union (Priorities)

The Convener: Agenda item 4 is our final item today. We are absolutely delighted to have here the newly appointed Lithuanian ambassador to the UK, who will have a role in the presidency and can discuss its objectives with us. I am delighted to welcome her excellency, Mrs Asta Skaisgirytė Liauškienė; Sigitas Mitkus, who is minister counsellor and deputy head of mission; and Andrius Nikitinas, commercial attaché for the embassy of the Republic of Lithuania in the United Kingdom. You may wish to make an opening statement, your excellency, and we will then have questions from committee members. The floor is yours.

Asta Skaisgirytė Liauškiene (Ambassador of the Republic of Lithuania to the United Kingdom): Good morning, everybody—convener and members of the committee. It is such a pleasure to be here in the Scottish Parliament and to have this opportunity to meet you. I am grateful to have this occasion to give a brief overview of the priorities of the Lithuanian European Union presidency.

On 1 July this year, Lithuania assumed the EU presidency for the first time. Lithuania has been in the European Union for nine years, and this is the first time that we have assumed the role—it is the first time that any of the Baltic countries has done so. The other two Baltic countries, Latvia and Estonia, will have the role in 2015 and 2018 respectively.

Before I start talking about Europe, I will say a few words about my country, Lithuania. We have successfully overcome the recent economic and financial crisis, and we are returning to sustainable recovery and growth. We are comfortable, economically and financially, in assuming the presidency, as we do not have any internal agenda or internal issues to be solved. We can therefore focus on the EU agenda. The GDP of Lithuania is now growing at a steady rate of about 3 per cent. We have significant growth in foreign direct investment, at a rate of 20 per cent per year. Economically, things are okay.

Lithuania being a small country, we come to the presidency as an honest broker. For us, the success of the presidency lies in a good compromise for all 28 countries. We know that compromises are difficult to reach, but we also know that all European decisions are the fruit of one or another compromise. That is the Lithuanian understanding of the presidency.

The European Union is moving towards recovery and closer co-operation between member states and the European institutions. We believe that co-operation between the European institutions—the European Parliament, the Commission and the European Council—is needed more than ever. Only when those three institutions are functioning effectively can we achieve good results.

The Lithuanian presidency motto is a credible, growing and open Europe. Why is that? The EU should demonstrate that it is pursuing credible financial and economic policies. It should be committed to growth and jobs, and it should be open to partners. I will speak a little bit about all and each of those priorities.

On sustainable finance, we are working on further banking union. The Commission has made a proposal on the single resolution mechanism and we will ensure that there is discussion of that at European level. We do not think that an agreement will be reached by the end of our presidency, but it might be that some agreement could be reached before the European Parliament elections in 2014.

On better economic governance, we speak about creating a favourable environment for the implementation of key social and economic reforms at EU level. That includes smooth and effective implementation of the newly agreed rules for the so-called ex ante budgetary monitoring process for member states in the euro area. The euro area is important, because it affects both euro zone members and non-euro zone members.

Lithuania seeks to ensure the smooth application of provisions contained in the stability and growth pact. We dedicate our attention to the process of transposition of the treaty on stability, co-ordination and governance into national systems, which is being done in each member country.

On financial interests, one aspect is the fight against tax fraud. In the field of combating tax fraud and tax evasion, special focus is being placed on expanding the automatic exchange of tax information both among EU member countries and between the EU and third countries.

An important point is the credibility of Europe for its citizens. As you all know, 2013 is the European year of citizens. That means that we need to raise awareness and knowledge of the rights and duties related to EU citizenship, so that EU citizens can fully exercise their rights to move and settle down freely within the EU, as well as benefit from the other opportunities. Currently, more than 2 million EU citizens who are not UK citizens reside in the UK. That fact is worth bearing in mind in preparing for next year's European Parliament elections and

local elections—EU citizens can also vote in local elections.

On the EU budget and growth, you will know that the principal agreement on the multi-annual financial framework was reached with the European Parliament in June this year. Although that decision has been made, before the MFF can be adopted on 1 January 2014 we need to implement and finalise a legislative package of 75 implementing acts. That is quite important and needs to be done rather quickly before the end of the year. The Lithuanian presidency will also adopt the first annual EU budget, which will be a one-year budget for 2014. That budget will be a starting point for the implementation of new EU programmes.

The important thing for tackling unemployment is the effective implementation of the compact for growth and jobs. In that context, we are focused on the implementation of the so-called European youth guarantee and the operation of the youth employment initiative. That should be ready by 2014, so we are in the preparatory stages. We are also initiating discussions and preparing Council declarations on the European alliance for apprenticeships, which is a new thing. We believe that, as that initiative aims to improve the quality and supply of apprenticeships across the EU, it will be rather important in tackling youth unemployment in particular.

10:45

Lithuania is very much a digital country and e-government is one of our favourite things, so of course the digital agenda is a high priority. We speak about the establishment of a single EU digital market, and within that market we have such initiatives as electronic identification and trust services for electronic transactions. Those two things are important for the good functioning of our digital single market.

In implementing the EU single market for growth, what is important is the implementation of adopted measures on the functioning of the internal market, especially the services directive. There must also be progress in the discussions on the so-called Single Market Act I and Single Market Act II.

Lithuania is focused on energy security, so energy issues are also high on the agenda and I will mention two things with regard to energy. One is the internal energy market. Within the single market we do not yet have a single energy market. The target is to create an internal energy market by 2014 and to have the interconnection of electricity grids around Europe, but we are still working on that objective.

The second thing that is important is our energy policy towards third countries—whether when we purchase energy from a third country we apply the same rules for all EU member states or different rules. At the moment, the situation is that different rules are applied, and we want to homogenise more.

I have a few more brief points. There is a move towards macroregional strategies within the European Union. As you may know, the Baltic Sea region strategy was the first macroregional strategy, followed by the so-called Danube strategy. We believe that the Baltic Sea region strategy functions well. One of the important aspects is that all member states participate in the strategy, not only those bordering the Baltic Sea, and that is the strength of the strategy, which is effective. We will be hosting a huge conference to review the strategy and to discuss further implementation during the next financial perspective.

Lithuania has taken up all the foreign policy issues that are on the agenda. We have spoken about Syria. On 1 July, the first day of our presidency, we had the Egypt crisis with President Morsi—there is never a dull moment in foreign policy. We also have a long-term perspective and we pay attention to our eastern neighbours. As you know, the European Union has two focuses—southern neighbours and eastern neighbours—and although most of the conflicts are going on in the southern neighbourhood and we are always working on that, we should not forget the eastern neighbourhood. There are no conflicts in the eastern neighbourhood, but it is still in the interests of the whole European Union to have a stable, democratic, free trade area in the eastern neighbourhood. The idea is to have an eastern partnership summit in late November this year, and possibly get signatures on some important agreements with the Ukraine, Moldova and Georgia on free trade.

Turning to the EU enlargement process, we have started our presidency with one more member. As you know, Croatia has joined the European Union, so we are now 28 countries. There are also discussions on the table with the western Balkan countries; they are at different stages but the process is continuing. We do not think that concrete agreements will be signed during our presidency, but progress should be made with each of those Balkan countries.

In relation to our strategic partners, we are happy that during our presidency the negotiations on the free trade and investment agreement with the United States took place. The negotiations started on the so-called TTIP—the transatlantic trade and investment partnership—and the political will is strong to have an agreement

reached by the end of next year. It is an ambitious agreement, so our negotiators will have to work hard. We also have in mind the start of free trade negotiations with Japan, which is another important trading partner for the European Union.

That is the position in a nutshell, so I shall stop there. I would very much appreciate your comments and I am happy to answer your questions. Thank you for your attention.

The Convener: Thank you for your comprehensive and detailed submission, which will have engendered lots of questions.

What are your thoughts on being the first Baltic state to take on the presidency? What does that mean for you, how has it impacted on and improved your relationship with other member states and more widely, and how did you manage it as such a small country with a population of only 3 million? In Scotland, we are always told that we are a bit wee, so we would love to learn some lessons about how you have managed to get as far as you have and be so successful in doing so.

Asta Skaisgiryte Liauškiene: Lithuania is small, with a population of 3 million people. We say that it is small but sound. We like to work efficiently and that is how we have tried to run our presidency. The presidency has rather a low budget, because we cannot afford a big budget, but the presidency has sponsors and supporters from other sectors of society, from non-governmental organisations and from not only Lithuanian but European businesses, so we find ourselves in a rather comfortable situation.

It is the first time that we have assumed the presidency. When Lithuania joined the European Union, nine years ago, we said to ourselves and to our European partners, “We are coming to contribute, not to take something.” We like to think that our contribution benefits the European idea. For us, joining the European Union was first of all a political issue. During the years of Soviet occupation we believed that we were unjustifiably separated from the European family, so by joining the European Union we were returning to the European family of nations. That was the main reason why support for the European Union was high in Lithuania. On the day of accession we had a referendum and 75 per cent of Lithuanians pronounced for the European Union. Today, support is not that high, but 60 per cent of our population is still for the European Union, which is quite high in the overall picture of EU member states. We believe that we can be an honest broker in the European discussions.

The Convener: Sometimes the best things come in smaller packages.

Asta Skaisgiryte Liauškiene: Exactly.

Jamie McGrigor: I see that the main aims of the Ireland-Lithuania-Greece troika over 18 months are to stimulate growth, create jobs and boost EU competitiveness. I am interested in the ways in which you think EU competitiveness can be achieved and in what the Lithuanian presidency thinks is the greatest problem facing the European Union generally.

Asta Skaisgiryte Liauškiene: Those are two good questions. We could elaborate on them for half a day.

We have a problem with the global competitiveness of the European Union. There are new, emerging markets, such as Brazil, Russia, India and China—the so-called BRIC countries—which are doing well and have been doing well during the global economic recession. In that context, we have to work harder to compete. That also means that the EU must have more coherence, not less. We must not look to our own nationalist interests but, on the contrary, work more together.

I spoke about the financial instruments. That is part of our job. It is not the euro as a currency, but Government policies and the lack of a mechanism to supervise the budgets of the separate member states that are responsible for the euro zone crisis. We learned that only when we got into trouble, so let us learn the lessons from those troubles and improve our legislation so that we avoid such a crisis in the future.

In our opinion, it will boost European competitiveness if we stick together as an entity. We are stronger as one than as 28 different countries.

Clare Adamson: Good morning. We are pleased to have you at the committee, Ambassador Liauškiene. I want to ask you about youth unemployment, which you mentioned in your opening statement. You have already given us a lot of detail on the youth guarantee initiative and the apprenticeship programme, so I will ask you about the employability skills of the youth of Europe.

We like to pride ourselves on welcoming our European neighbours to Scotland and we have a strong Lithuanian community here, but we are not good at sending our students out to study on Erasmus exchanges. Do you have any ideas on how we could build on that cohesion across the distance between our two nations?

Asta Skaisgiryte Liauškiene: Unemployment is indeed an important topic. In all recessions, we have huge unemployment. That is the general rule from the textbooks.

Average EU unemployment is at about 10 per cent, but average youth unemployment is at 20

per cent, and in some member countries it even reaches 50 per cent, which is very high. The Governments must carefully consider how to encourage business and encourage job creation in private businesses, especially small and medium-sized enterprises. The EU programmes are aimed at encouraging the creation of jobs in the private sector first of all, which is not much in evidence when there is a recession.

There is a special emphasis on youth unemployment. Perhaps you have heard that there was a summit in Berlin in June at which the heads of state and Government decided on some concrete measures such as providing €6 billion for a specific youth employment programme. The initiative and the apprenticeships that I mentioned go on the same line, of course.

You mentioned exchanges of university students. Nowadays, students have a fantastic opportunity to move around the European Union. I say “fantastic” because I know what it looked like when there was an iron curtain. As a student in Lithuania, I had absolutely no opportunity to go to the other side of the iron curtain. I have deep respect for my alma mater, which is Vilnius University, but I envied those young people who could travel around, experience different cultures and systems and get to know the world. Today, that possibility is assured and the Erasmus programme functions well.

Lithuania has 22 universities in all, and they are all open to foreign students. We have quite a lot of programmes in English, mainly for foreign students, and we are lucky to have them. Among them are students from Britain. That functions both ways, and it functions pretty well. I have no complaints on behalf of my Ministry of Education and Science about any problems with student exchanges. On the contrary—the ministry is very happy to have them.

11:00

Clare Adamson: I think that it is a Scottish and UK problem, in that we perhaps do not go out as much.

Asta Skaisgiryte Liauškiene: The Scottish higher education system has a very attractive point that cannot be neglected. You tend to have more foreign students than elsewhere, naturally.

Clare Adamson: You mentioned the European Union's foreign policy. I always think of European foreign policy as being like having an actor on stage with a Greek chorus of 28 other actors, any of whom can contradict what is happening at any time. What challenges do you see ahead in working with the European External Action Service and the Commission on foreign policy?

Asta Skaisgiryte Liauškiene: The External Action Service started to function just a few years ago, so we and the European diplomatic service are still on a pretty new path. There are different opinions about how efficient the service is and how good or bad it is, but we are happy to have it. I will explain why. Lithuania is a small country with a small diplomacy. We have 40 bilateral embassies around the world and the majority—27—are in the other EU member states. Aside from those, the rest are in third countries. For us, to have a European External Action Service is a continuation of our diplomacy. We receive information from the service and we are happy about it. In shaping our foreign policy towards third countries, we rely on the EEAS's expertise and know-how.

A further positive point is on consular assistance. When there are crises around the world, who will take care of our citizens? Say for example that there is a crisis in an African country. We have one embassy on the whole of the African continent, in Cairo, and in all other African countries we depend on the representation of the European External Action Service. That is a practical aspect. We receive good services from the EEAS. There are perhaps some aspects where it could function more effectively, but we are just at the beginning. Our criticism has always been constructive. If we are not happy about something, let us suggest how it could be done better, rather than just criticising for criticism's sake.

Willie Coffey: Good morning, ambassador. You are very welcome. Congratulations on the Lithuanian presidency.

I was impressed by your comment that Lithuania comes to contribute to Europe, not to take from it. It would be appreciated if other member states had the same point of view as Lithuania. I sometimes think that people believe that their role in Europe is to take from it rather than to give to it. I was impressed to hear that support for membership was at 75 per cent in the referendum, and that it is still quite high now, at 60 per cent. What approach do the media in Lithuania take to European issues? Is coverage positive and supportive, or is it critical?

Asta Skaisgiryte Liauškiene: In more or less all countries, the media tend to reflect public opinion. Like you, we have a range that includes more serious media and tabloid media. The opinion of the EU among the general public is pretty high, so the media's opinion is also high.

The media tend to notice positive things when they happen at a European Union level. For instance, if a new road is built in a small town and it is mentioned that European structural funds were used for it in such a way that half of the

finance was from the Lithuanian Government and half from the European Union, the media reflects that fact and will be positive—it is something that we should be happy about and not something that we should complain about.

Willie Coffey: That is encouraging. Perhaps there are some lessons there for the UK media regarding their relations with Europe.

My next question is about the Lithuanian programme for your six-month presidency. We see some common strands among the priorities and other issues that you have mentioned, which are shared throughout Europe. What is in the programme specifically for Lithuania? What are your priorities as a country, as opposed to the shared priorities of Europe?

Asta Skaisgiryte Liauškiene: I have said that we come to the presidency as an honest broker. That means that, for this half-year, we put our national interest aside and prioritise the European Union's interests. That is the approach. Of course we have our areas of concern, which I have mentioned, but those are not only our national concerns; they are European concerns. They include energy policy and the eastern partnership. Those two things very much coincide with our national interest. However, our national interest is a bit to one side, at least for six months.

Willie Coffey: You mentioned that you are a very digital, e-enabled country. At what level is broadband infrastructure throughout Lithuania? Is it pretty good or is there a lot of work still to do?

Asta Skaisgiryte Liauškiene: Our broadband speed is number 1 or 2 in the world—it depends on whether we measure the incoming or outgoing speed.

Andrius Nikitinas (Embassy of the Republic of Lithuania to the United Kingdom): For upload it is number 1; for download it is number 2.

Asta Skaisgiryte Liauškiene: If you understand what that means—I always mix up the terms. We have 4G already. Come to Lithuania with your tablets and see how it functions.

Willie Coffey: I look forward to that.

The Convener: We are still battling with dial-up in some cases.

Roderick Campbell: Good morning, ambassador. You mentioned that EU citizens who are resident in the UK have the right to vote in local elections. We will have a rather important referendum in September next year, in which EU citizens who are resident in Scotland will have the opportunity to vote. Does the presidency have a view on encouraging participation in that referendum?

Asta Skaisgiryte Liauškiene: The presidency has an incentive to encourage participation in European Parliament elections. That is our main concern. There tends to be lower participation in European Parliament elections compared with national elections.

Roderick Campbell: You did not quite answer the other point. I appreciate that your main concern is the European parliamentary elections, but is the presidency studiously avoiding making any comment in relation to Scotland's referendum in September next year?

Asta Skaisgiryte Liauškiene: It is your internal affair. Lithuania—not as the holder of the presidency, but as a country—will respect the will of your people in the referendum, whatever it is.

Roderick Campbell: Can you outline anything in relation to the EU position regarding the climate change conference in Warsaw?

Asta Skaisgiryte Liauškiene: All the recent climate change conferences have been difficult. They have been charged with ideas, but few results have been achieved. We will have to work for a result, of course, but it would be premature to say that we will achieve a breakthrough on all our questions. The European Union is only one player in the conference and there are other important players who perhaps have greater problems than we do, so there will be multilateral negotiations, which are always a great mess. We will do our best, but I would not say that we will achieve important results.

Roderick Campbell: How difficult is it to reach a common European Union view?

Asta Skaisgiryte Liauškiene: It is always good to achieve a common European Union view. In the forthcoming conference, I think that we will achieve something. The problem will be not within the EU, but with the third countries.

Helen Eadie: Good morning, ambassador. Throughout Europe, one of the biggest challenges that we face is energy, which you mentioned, and energy security in particular. In many countries across Europe there has been great movement because of the cost of energy to citizens. For example, I think that it was earlier this year that the Bulgarian Government was brought down as a consequence of the huge energy costs in that country.

Will you comment on energy security in Europe and also talk about how we might bring down energy costs? The matter is close to the hearts of all members of the Scottish Parliament.

Asta Skaisgiryte Liauškiene: Energy costs are always linked to the purchase of energy from the third countries and the technologies that we apply to produce energy—those are the two main

factors. Green technologies are important in the overall picture, but they are expensive. Green is green, but when it comes to costs it is not the cheapest energy, as we know.

Across Europe, almost all countries are searching for shale gas, and when we find it the picture changes, as do the prices. Again, however, the technologies are neither simple nor cheap. Purchase from third countries is an important issue, because traditional energy exporters such as the middle east countries and Russia tell us their price and the question is whether we can negotiate on that or must take it or leave it, which can sometimes be painful.

On the overall picture on energy security, we speak about a specific relationship with the third countries: there should be European agreement to negotiate the energy price with the third countries on certain terms. We have concrete examples of a third country selling energy to one European Union state at one price and a different European Union state at another price. Why is there a difference in price? Sometimes the issue is political and not economic. To avoid the political aspect—energy is always a mix of politics and economy—we have to work hard at consolidating European Union legislation on the matter.

Helen Eadie: Perhaps you are aware that the Scottish coal industry has suffered as a result of cheap coal imports from Russia. That relates to your comments about the price at which energy is sold. We have been extremely concerned about the matter and the minister, Fergus Ewing, has been working hard with other politicians in the Scottish Parliament. My area is badly affected by the problem, as are Ayrshire and other parts of Scotland. It is a big issue for us in Scotland.

11:15

Asta Skaisgiryte Liauškiene: I understand that the issue falls within our trade policy—in this case, our trade policy with Russia on Russian coal. In dealing with third countries, the European Union tends to take a liberal approach. We have signed free-trade agreements with countries that are interested in free trade. Russia is a member of the World Trade Organization and we trade with Russia on those terms. A certain level of tariffs remains. The tariffs are there to protect the local producers. Although the free market has a positive side, it also has a negative side.

Helen Eadie: Thank you very much.

The Convener: After the meeting, the Parliament's photographer will take some photographs, if you do not mind.

I have a quick final question, which looks forward to the future and your handover to

Greece. Earlier in the meeting, I raised some concerns about social cohesion in Greece and the civil unrest there; it is almost the case that the sinister organisations that have sprung up are assassinating people. That has impacted on the country's ability to recover. Solving some of the social unrest could allow economic growth to return. Do you have any plans to look at that as part of the handover and to offer support?

Asta Skaisgirytė Liauškiene: Our plan is to do as much work as possible until the end of the year. Why? Because some other factors will come into the picture. For example, the European Parliament elections will take place next year, which means that, after the new year, the European parliamentarians will be more interested in their own election campaigns than in tackling some pending issues. In addition, the present European Commission will come to an end soon and there will be a new Commission by the summer of next year. That means that the commissioners are tending to wind up their work, rather than leaving it to the last minute.

As we understand it, the period until the end of the year will still be productive, but the next half-year will be less productive because of factors that we can do nothing about. The idea is to do as much as possible in the present half-year. We are working in partnership with Greece and we have offered to help by chairing some working groups or whatever it needs. We will be there for Greece.

The Convener: We have exhausted our questions for you. It is my great pleasure to thank you on behalf of the committee for your evidence. We said that we would take an overview, but I think that we have drilled down into some of the detail on many issues. We are extremely grateful for that, because it will help to inform our work.

The committee wishes you all the best with your presidency. We are looking on at another small European nation succeeding. I hope that Scotland will learn some lessons from the fact that small countries can sometimes punch well above their weight. We wish you well.

Asta Skaisgirytė Liauškiene: On behalf of my small delegation, I would like to say how much I appreciated the opportunity to speak at the meeting. Thank you for your smart questions. I hope that we can continue the discussion on all European Union matters in the future. The embassy is open to you. When you are in London, please do not forget to visit us. The address is Lithuania House, 2 Bessborough Gardens, and I will be very glad to host you at my embassy.

I would like to present the convener with a small token of the Lithuanian presidency—a scarf for ladies in the Lithuanian presidency colours.

The Convener: Wonderful!

Our next meeting will be on 31 October—do not come in fancy dress, please—when we will discuss the budget with the Croatian ambassador. I thank everyone for their attendance.

Meeting closed at 11:19.

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