

EUROPEAN AND EXTERNAL RELATIONS COMMITTEE

Tuesday 9 September 2003
(*Afternoon*)

Session 2

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EUROPEAN AND EXTERNAL RELATIONS COMMITTEE

3rd Meeting 2003, Session 2

CONVENER

*Richard Lochhead (North East Scotland) (SNP)

DEPUTY CONVENER

*Irene Oldfather (Cunninghame South) (Lab)

COMMITTEE MEMBERS

*Dennis Canavan (Falkirk West)
Mrs Margaret Ewing (Moray) (SNP)
*Phil Gallie (South of Scotland) (Con)
*Mr John Home Robertson (East Lothian) (Lab)
*Gordon Jackson (Glasgow Govan) (Lab)
*Mr Alasdair Morrison (Western Isles) (Lab)
*Mr Keith Raffan (Mid Scotland and Fife) (LD)

COMMITTEE SUBSTITUTES

Murdo Fraser (Mid Scotland and Fife) (Con)
Nicola Sturgeon (Glasgow) (SNP)

*attended

THE FOLLOWING GAVE EVIDENCE:

Mr Andy Kerr (Minister for Finance and Public Services)
Alastair Wilson (Scottish Executive Finance and Central Services Department)

CLERK TO THE COMMITTEE

Stephen Imrie

ASSISTANT CLERKS

Nick Hawthorne
David Simpson

LOCATION

Committee Room 1

Scottish Parliament

European and External Relations Committee

Tuesday 9 September 2003

(Afternoon)

[THE CONVENER *opened the meeting at 14:04*]

Interests

The Convener (Richard Lochhead): I kick off by welcoming everyone to our third meeting in the second session, which is our first meeting since the recess. I have received no apologies for today's meeting.

As this is Keith Raffan's first meeting, I ask him whether he has any relevant interests to declare.

Mr Keith Raffan (Mid Scotland and Fife) (LD): None, convener.

The Convener: The member has no interests to declare.

European Union Agenda (Scottish Executive Priorities)

14:05

The Convener: Under agenda item 2, we will hear from Andy Kerr, the minister with responsibility for Europe and external relations. I extend a warm welcome to him. It is his first appearance before the European and External Relations Committee and before any of the Parliament's committees in his new ministerial role.

I thank the minister for the paper that was delivered to the committee on the Executive's priorities for the Italian presidency. The paper will also be sent to the other parliamentary committees. The minister will give us a presentation of around 20 to 25 minutes. As members can see, it is a high-tech PowerPoint presentation. I hope that everyone can see the screen. Like any good teacher, the minister has given us a copy of his slides and members have a printout of them, which they can look at if they do not have a perfect view of the screen.

After the minister's presentation, we have an hour for questions. I want to combine items 2 and 3, so I suggest that, after the presentation, we have half an hour of questions on Europe, European Union legislation and the Executive's priorities for the presidency, after which we will move on to a second block of questions for another half an hour on the wider external relations strategy. If members are happy with that, we will proceed on that basis.

Without further ado, I hand over to Andy Kerr, who will give us his presentation.

The Minister for Finance and Public Services (Mr Andy Kerr): Thank you, convener. It is at moments like this that I recall the pleasant position conveners are in, looking down the table towards the ministers. However, today I have the enviable opportunity of presenting to the committee the Executive's strategy at this critical moment in time, and I am pleased to be here. I hope to build up a warm and constructive relationship with committee members to ensure that we best represent Scotland's needs.

I know that I am one in a continuing pattern of ministers who have been before the committee. I have adopted the PowerPoint route, which is my wont. I hope that it will make the presentation more interesting and that it will allow conversation and dialogue afterwards.

It is good to see the slight change in emphasis in how the committee works and the fact that more of

the Parliament's committees, such as those with responsibility for health, justice, environment and enterprise, will take up European issues at source in order to deal with matters European. That is healthy and is to be welcomed.

As the convener said, he has allocated the questions in such a way as to allow the committee time to discuss issues of European interest as well as the wider external relations portfolio. I hope that there is lots of time for questions and answers. I introduce Alastair Wilson and Tim Simons, who are with me today to assist. One of the aspects of the Parliament that I like is the fact that officials get to clarify matters on occasion. I will invite them to do so as and when appropriate to ensure that such clarification happens.

The areas to be covered are those that members see on the second slide: how the Executive engages with Europe; how we engage with the United Kingdom to ensure that we are represented properly on EU issues; our priorities around the Italian presidency; and the intergovernmental conference, which is clearly critical. I am sure that members will raise other matters in questions. I will also cover other areas of our work that I think are important to the committee.

The next set of slides shows the committee who everybody is, which is important. I certainly hope to have a long and fruitful relationship not only with the committee but with the portfolio. Tavish Scott and I are responsible for the specific portfolio responsibilities, although the First Minister and the Deputy First Minister retain a high-level strategic interest and play their own roles within the external relations work that we do. Fortunately—or unfortunately—both Jack McConnell and the Deputy First Minister have held the external relations brief and have been here before, so they will be able to keep a close eye on me. Patricia Ferguson has responsibility within the Executive for ensuring that we carry out our responsibilities and duties with regard to transposition.

Other ministers engage with Europe at different levels and in different ways. We ensure that we engage with visiting delegations of ministers and others and that our views are heard and understood. Further, ministers try to ensure the mainstreaming of appropriate European matters within their portfolios.

It is important for committee members to know how ministers handle the Executive's external relations policy and to question me on that handling. The Cabinet discusses EU issues and we ensure that we focus on what we can achieve in our portfolios and more widely, including in external relations. Twice a year we discuss our priorities in relation to the EU presidency. Last Wednesday, we discussed the Italian presidency's

programme and the Executive's priorities therein. We have delivered information on that to members.

Recently, we also set up an ad hoc ministerial group on European strategy to consider the co-ordination of policy, how we can influence the UK Government's position on EU issues that affect us and how we will deal with forthcoming European legislation. The group also considers the wider reform agenda within Europe and our working relationships with other parts of the EU. We want to ensure that, as a Cabinet and an Executive, our focus is correct and that we are working on the key issues and intervening at the appropriate time to ensure that our interests are best represented.

Slide 6 lays out our departmental structure for external relations policy. All departments that have EU business—for example, the Environment and Rural Affairs Department—deal with EU policy in their area. The Finance and Central Services Department has three EU policy divisions: external relations, promotion of Scotland, and the Scottish Executive EU office. In total, 51 members of staff are involved, of which 13 are external relations staff, 26 are promotion of Scotland staff and 12 are from the EU office.

After robust discussion, we arrived at a clear statement of our external relations objectives and we want to ensure that we pursue them effectively. We want to engage with and influence external relations matters as effectively as we can. Slide 7 shows our objectives, which are: promoting Scotland's devolved policy interests; building links; promoting Scotland abroad; and working closely with the UK Government to ensure that we have a strong, effective influence on European matters. Working through the ad hoc ministerial committee, we want to ensure that we attach specific, measurable, achievable, realistic and time-related—SMART—criteria to the objectives so that we can report to the committee how effectively our policies have been pursued and delivered for Scotland.

The Executive works closely and effectively with UK Government officials and politicians on EU issues that affect our devolved interests to ensure that the Executive's position is known and that we influence UK policy on those matters. We also ensure that our views are known within the European Parliament and the European Commission. Several of my ministerial colleagues have met commissioners in Brussels and in Edinburgh and we have regular dialogue with Scotland's members of the European Parliament.

Recently, members of the European members information liaison exchange—EMILE—network met in this committee room. I was struck by the diversity of interests and the number of players from the Parliament, the Executive and wider civic

Scotland who are involved in ensuring that we all shove in the right direction in terms of Scotland's representation in the European Parliament and the benefits that that can bring.

Working with the UK is a critical and rewarding aspect of our work. We ensure that our voice is heard and that our policies can be delivered effectively. For example, Executive ministers attend European councils with the UK Government to ensure that our views are known and understood and have an impact on decisions. To date, we have attended 43 councils. I want all ministers to attend the appropriate councils to ensure that there can be no question of our voice not being heard, our views not being known and our influence not being felt.

We also attend the joint ministerial committee on Europe. It has held seven meetings since 1999, at which there have been key strategic discussions around matters European. We can make our voice heard at those meetings, thereby influencing UK policy. We also attend a number of meetings in London of the Whitehall ministerial committee on European co-ordination—MINECOR—whose role is to promote UK involvement in Europe and communicate the benefits of EU membership. That involves a number of presentational issues, and we participate fully in MINECOR.

14:15

To ensure that our views are known at a UK level, we hold informal meetings to discuss matters of common interest. Members will be aware of the work of the Scottish euro preparations committee, which I attended last Tuesday, and we could perhaps discuss that later on. We also use officers working at a UK level and engage in correspondence to agree policy lines, influencing UK policy before council meetings and ensuring that our views come across and are delivered satisfactorily. We can seek to influence policy at different levels. At different working groups and meetings, including Wall-Grant meetings—or Grant-Wall meetings, depending on how we want to present them—we make sure that we get our views across. Our engagement in that process is deep and comprehensive at the political level and at officer level. We all seek to ensure that our views come across and that our voice is well heard.

We have issued the committee with a number of documents on the Italian presidency of the EU, which the Cabinet discussed last Wednesday. The Italian ambassador met some members, including me, last week. The Executive channels its resources effectively, and we seek to use our influence and set our priorities appropriately, without spreading ourselves too thinly, as was also discussed at Cabinet. The forward look for the

Italian presidency was produced by the Executive's EU office and has been sent out to members and to all those in the EMILE network. It is available on our website, which I understand fulfils a commitment on the part of the Executive that was prompted by the committee. We have tried to be open and transparent about what we seek to do in Europe to allow committee members and wider civic Scotland to understand where the focus of the Executive's work will be.

The forward look document on the Italian presidency gives a clear indication of our priorities and where the Executive seeks to be. We will ensure that our interests are put across and that there is an understanding at a European level of the unique Scottish legal system when EU law is made. Through good intelligence, we can influence the process at the right time and ensure that Scotland's interests are well represented. The Executive makes sure that it alerts those who require to be alerted when relevant matters come up.

I was struck—as I expect were new members of the committee—by the wide diversity of interests involved in this area, by the sheer scale of the work that goes on in Europe and by the effects that that can and will have in Scotland and the UK. Clearly, priorities must be set. The forward look mentions 29 dossiers of importance to Scotland, and we have identified five of those as being of particular importance. If I were to ask members to guess what those dossiers are about, I suspect that they would not be far away, and that they would agree on what the priorities should be.

The IGC is critical for the institutional structure of Europe and how that will change, and our work on the draft treaty is critical. We have made some good, positive moves with regard to the IGC, but we need to ensure that that effort is maintained. Reform of the common agricultural policy is critically important to Scotland and work continues in that regard. Cod recovery measures represent another issue of great concern to Scotland. The committee will have views on the structural funds debate, and the Executive continues to work on that, particularly in relation to the third report on economic and social cohesion. The revised bathing water directive will be of particular importance in Scotland, and we want to be absolutely clear about our role in properly influencing, delivering and dealing with the directive.

Identifying those priorities is not to forget the other pieces of work that we are undertaking, but we felt that those priorities are appropriate for the Executive to work away on, notwithstanding the fact that individual ministers will have issues relating to their portfolios that they will require to examine and manage.

We think that that is a sensible and prudent approach to ensure that we focus our resources effectively and deliver our commitments. Through intensive liaison with our UK counterparts, the Commission, MEPs and others, we will seek to ensure that those matters are delivered through the system. I strongly believe that we have the opportunity over the next four years to ensure that Scottish interests are best met at a critical time for Europe because of the IGC and enlargement. We can do that collectively and by ensuring that we all know each other's priorities and responsibilities and where we need the real push in relation to what is best for Scotland's interests. I hope to work closely with MEPs, the committee and UK partners to ensure that that happens. We seek to share information and to ensure that officials work with clerks so that we can do our best to co-ordinate our activities to best meet the needs of Scotland.

Peter Peacock was at the most recent substantive discussion with the committee on objectives. We want to ensure that we address those issues. On promoting Scotland's interests in EU policy, we are quietly pleased and confident with our contribution to the Hain paper, which is of great benefit to Scotland. I am pleased that much of that work has fed into the IGC. Aspects of the Hain paper, such as the treaty reference to the role of regional Governments and regional Parliaments in ensuring subsidiarity, the reforms to make the Committee of the Regions more effective, and flexibility with regard to national and regional Parliaments so that the implementation of European legislation makes sense locally, are all a good step forward.

There are other aspects that did not quite reach the draft. Through our substantial involvement with the regions with legislative power—Regleg—we want to ensure that we pick up some of those issues, so that they continue to be at the top of our agenda, and that the matters that are in the current draft agreement remain there.

It is worth updating the committee on another aspect of our work, which is the links with regions and countries. An action plan has been signed with Tuscany, and there are links in relation to economic development, arts and culture. We have considered cultural education; international policies with common interests; Bavaria in respect of European policy; land-use planning and development; justice and home affairs; pupil exchanges; tourism; the environment; and government administration. We are entering discussions, agreements and links with other countries on the basis of an agenda of mutual interest and mutual benefit, and with the intention of using our resources effectively. Tavish Scott is about to attend the Conference of Peripheral Maritime Regions of Europe to ensure that

Scotland's interests are best represented there, too.

We are one of the key seven founder members of Regleg, which the First Minister will chair. The opportunity is there not only to influence at the top table of that organisation but to bring a major European body to Scotland when Regleg has its 2004 conference here.

Other areas are worth mentioning in relation to the positive image of Scotland overseas, for instance the prestigious and successful Smithsonian Folklife Festival in June and July, which had 1.5 million visitors. The event was positive for Scotland because it significantly raised the Scottish profile. One hundred performers and participants showcased traditional music, fashion, crafts and industry. It was an unrivalled opportunity to present Scotland, and was attended by Frank McAveety and others. We showcase Scotland as a must-visit destination at every opportunity—that is part of the broader strategy of tourism development throughout the Executive.

The IGC is a big issue for us all. I have mentioned the fact that we are quite pleased with the enhanced role for the regions. We want to ensure not only that there is no roll-back from what is currently in the documents but that, through Regleg, we push more in other areas, particularly in relation to the Committee of the Regions.

We want to ensure that, through the process of working with the United Kingdom and making our views known, the legal system in Scotland is understood and that further drafts appreciate particular nuances in Scotland. We want to ensure that work in the justice and home affairs stream recognises differences and that Scottish policy interests are protected.

On key EU issues apart from the IGC, enlargement presents challenging opportunities for Scotland. Our engagement with the accession nations is currently very dynamic. They are now at the top table with speaking rights, although not voting rights, which creates a new dimension in Europe. We must ensure that different voices are heard, and we are keen to develop further our links with the accession nations. We are working through the UK and Executive partnership arrangements that we are developing to ensure that we deal effectively with enlargement. I mentioned Regleg, so will not do so again. The major constitutional changes and the approaching elections bring a degree of uncertainty, but also opportunities to seek to influence Europe and the European scene.

The Executive is doing better in focusing on what we want to achieve from individual presidencies and in looking forward to ensure that we know where we are heading in Europe. We are

delivering annotated council agendas to ensure that the committee is aware of the issues with which we are dealing—I have been advised that the committee requested that. We want to be effective within the UK delegation and in developing policies in the UK and Europe and to be more successful with the committee. I want to develop the relationship with the committee to ensure that we work effectively together so that Scotland's views are well represented.

The ministerial ad hoc group that I mentioned is considering some of those issues. I certainly want to report back to the committee once we have distilled our thoughts a wee bit further about how we can work more effectively with the committee and others in Europe. We want to ensure that we engage with the committee properly, and we will have views about such engagement. We want to ensure that the committee's role in scrutinising what the Executive does is carried out in the best possible manner and that the committee has the right information to do that job. There should be a joint team Scotland approach—I referred to that at the start of my presentation—and we should push with all our collective effort to ensure that, during this time of change and opportunity in Europe, we deliver as effectively as we can.

I apologise if my presentation has been a wee bit lengthy. I am on an interesting learning curve and my preparation for the meeting allowed me to get to grips with some of the wider portfolio matters. I am happy for members to make any comments or ask questions on areas about which I can further enlighten them.

The Convener: Thank you, minister. You have covered a lot of ground in a short time, which we welcome. I remind members that we should constrain the first half hour of questions to Europe, EU legislation and Scotland's role in Europe—we will deal with external relations later.

Phil Gallie (South of Scotland) (Con): The minister referred to the Italian presidency and the meeting with the Italian ambassador last week. It seems that the Italians' top priority is to get the European constitution set up. Does the Scottish Executive see Scotland as having a regional Government or a national Government, or does it see Scotland within the terms of the constitution? Does the minister have any opinion on what the ambassador said when he stated quite clearly that the constitution represents the setting up of a state?

14:30

Mr Kerr: I was not at the meeting where the ambassador said that. The IGC seeks to tidy up how Europe works. In terms of representation, it seeks to get the collective interests of all the

different countries of Europe into the right shape. Yes, we will get a legal personality out of the discussions at the IGC and we will have a different arrangement, with a full-time president and essentially a minister for foreign affairs. However, as I discussed with Neil MacCormick, the aim is to make Europe much more accessible by changing structures to make it much more democratically accountable and transparent. I do not share the view that that will lead to a state, because nation states will retain major powers. There is to be a tidying up, and there are to be substantial changes with regard to the legal personality, the full-time president, foreign affairs and the Charter of Fundamental Rights of the European Union, but those will not take away nation states' rights to express the democratic will within their own nations.

Phil Gallie: I want to pick up on your use of the words "tidying up". If the draft constitution was a document that simply recognised the requirement for enlargement and set out to tidy things up, everyone would understand that, given the confusion that seems to reign at times within Europe. However, given some of the changes that will be made, it can hardly be called a tidying-up exercise. You have guarded against some changes, for example to the Scottish legal system and the supremacy of the European courts. However, there is to be a foreign minister who will speak for Europe as a whole. Is the Scottish Executive concerned about Scotland's voice being heard in instances when the views of Scotland and of the UK differ on European and foreign affairs?

Mr Kerr: Given the early stage of my involvement with Europe, I defer to people with greater knowledge of Europe than I have, but when I hear Neil MacCormick say, "Here is the old document. Here is the new one. This is a much better, more transparent, more workable and user-friendly document for the citizen than we had before," I think that that is a step forward.

We can all create an image of what we think Europe will look like. If we have a minister for foreign affairs, that person will be controlled from within Europe to ensure that Europe is represented on a wider stage, but that will not take away the responsibilities of democratically elected Governments of nation states. I simply do not see such a foreign minister in the same way as you do, as someone strutting the world stage advocating a separate European policy. I see that person as someone who can represent the views of Europe on wider stages, but who is controlled and influenced by, and responsible to, a democratic structure within Europe, which the new framework in the draft constitution seeks to establish.

Phil Gallie: I have a range of questions that I would like to ask, but I realise that my time is

limited. To whom will the foreign minister be responsible? Will the foreign minister report to the European Commission?

The Italian presidency put great emphasis on the reform of measures relating to animal welfare, hallmarking and asylum seeking. Why should the reform of animal welfare measures be a priority for the Italians? We enforce animal welfare legislation, but a major problem in Europe is the fact that the Italian Government and others do not enforce it. Why do we need more legislation that will damage our industry in the UK when that legislation is not enforced in Europe as a whole?

Mr Kerr: With due respect, I simply do not agree with that view. We hear comments to the effect that the French, the Greeks or the Spanish do not do this or that; indeed, we have created a culture in the UK and Scotland in which those views are somehow taken as fact.

All European nations have been subject to infraction proceedings because they have not implemented certain directives and treaties or carried out certain responsibilities. We should not pluck names out of the air and use those countries as examples to illustrate how we are burdening our business community with measures that other European countries are choosing to ignore. That is not the case. I have asked leaders of the Scottish business community, with whom I have had lengthy engagement, to give me the facts about the issue. To be blunt, I have to say that the facts do not support people's view that certain European countries do not implement treaties as effectively as others.

As for the proposed European Union minister of foreign affairs, there will be a degree of control in that respect. After all, that person will chair the foreign affairs council, which will consist of other politicians. Policy will be decided democratically and the question of how we seek to influence the minister's role will work its way back to nation states. We can follow the line back to ensure that the minister's role has a democratic structure and is accountable.

The Convener: I have a quick question about the white paper that the UK Government published this morning on its approach to the IGC. Committee members received copies of the paper only this afternoon and have not had time to digest it. Presumably the Executive received an advance copy. Will you respond to the paper and tell us whether you are happy with it? Have you got what you wanted from it?

Mr Kerr: We are fairly content—indeed, we are more than satisfied—with the contents of the paper. We were involved in most stages of its development to ensure that we could influence policy at the right moment. Moreover, the white

paper touches on the Hain paper, which I mentioned earlier and which draws together some of the good work that has been done in Wales, Scotland and—to an extent—Northern Ireland. Even though there were difficulties in Northern Ireland at the time, officials there still sought to ensure that that work was done.

As I said, we are happy with the white paper and believe that it takes our interests into account. We welcome the fact that our views have been expressed in it and I repeat that we were involved at all stages of its development. I hope that that helps the committee.

The Convener: You mentioned earlier that the Hain paper missed out some issues that you now want to pursue elsewhere. Which issues were you referring to?

Mr Kerr: The Committee of the Regions, which was highlighted in the Hain paper when it was finally published, was not picked up in the IGC process. We also want to pursue the issue of a pre-legislative process to ensure that sub-member states and regional Governments are fixed into the system and are involved in consultation on, and the development of, legislation at the pre-legislative stage. We will seek to recover that position through our work on Regleg.

Irene Oldfather (Cunninghame South) (Lab): I thank the minister for his comprehensive presentation. I guess that I come at the matter from a position that is diametrically opposed to that of my colleague Phil Gallie. I welcome the minister's comments on the IGC and believe that the committee endorses the view that there should be regional consultation on EU matters. The UK has worked hard to progress that issue.

Are you confident that the Scottish Executive can work with the UK Government through the IGC process to ensure that proposals on regional consultation are retained and that regions across Europe are given that element of democracy?

In your introduction, you mentioned the Scottish euro preparations committee. Obviously the decision on whether we join the euro is a reserved matter. However, should the Chancellor of the Exchequer's five economic tests be met, are you confident that the Scottish Executive is working with business in preparation for any decision and will you give us a little bit of detail about any preparations to ensure that we in Scotland are up to speed on the issue?

Mr Kerr: We will need to work hard to get the two aspects that I have just mentioned back on the IGC agenda. We must ensure that they do not get thrown on the cutting room floor—so to speak—in the rush to come to an agreement. We will focus a lot of our energies, in our engagement with the UK, on ensuring that that does not happen. Issues

can sometimes be lost in the efforts to broker a deal, but we are confident that we can avoid that happening. The debates and discussions are big, but we have focused on ensuring that there is no roll-back in terms of the Hain document and that we can take it forward a wee bit more effectively.

On our relationship with the UK delegations and our influence on UK policy, the fact that the policy that was born through the Hain paper became part of the Welsh, Scottish and Northern Irish effort and got right through the process relatively undamaged, with the exceptions that I have mentioned, is good. We simply need to keep our efforts focused.

The prepare-and-decide strategy is absolutely correct. I am involved in addressing the issue in a number of ways. I regularly attend the euro ministers meeting in London; that is a forum in which we exchange information on where we are in our preparation, on the common work that we are doing and on what we can learn from each other about what should be done to prepare. If anything, our joining the euro will be a genuine national effort when it occurs, although the Treasury will retain the central co-ordinating role.

A guidance document has been issued recently to local authorities on their roles and responsibilities and the work that they need to do. We are also seeking to ensure that businesses are aware of what is going on. The meeting that took place in Edinburgh last Tuesday, which was chaired by Alistair Darling and attended by me, Tavish Scott, Jim Wallace and the First Minister, gave an insight into the wide range of stages of preparation and the views of some of the business organisations—the banks and others—who were round the table.

We seek to ensure that Scotland is ready and that we have got our end of the bargain completed, which is the implementation plan. We are now on the third implementation plan and we are ensuring that the Executive can cope with the changes. We are telling businesses and local government to begin to think about the issues and to prepare. The public sector has a huge responsibility with regard to euro preparations; nonetheless, we have also been telling businesses that are seeking to change and modernise their systems to think about the euro and what may be ahead.

For example, the banks have a multitude of customers—the same customers, depending on the policies and products that the different banks offer—and must find out how best to communicate with policy holders so that those people do not end up receiving 35 or 40 different letters from their insurance company, bank, mortgage company and credit card company. First, we must ensure that money is not wasted on posting all those letters.

Secondly, we must ensure that the information is not given in a way that mystifies the process for people. We are focusing on such issues and we are confident that we will meet our responsibilities under the third implementation plan. We are also trying to ensure—I am now wearing my local government hat—that local authorities are involved in the process.

The retention of public confidence is critical. It is interesting that, when the euro began, the doubters said that the whole world would collapse. However, the process leading up to the start of the euro and beyond was relatively—I use that word advisedly—free of what people expected to happen. The other aspect of our work is to learn from countries that have been through the joining process to ensure that we follow examples of best practice. The prepare-and-decide strategy will allow us to move into an implementation phase if the five key tests are met and the referendum produces a positive result.

Irene Oldfather: Obviously, you are aware of the long lead-in time for business, for example. Contingency planning—for simple things such as soft-drinks machines right through to financial accounting—will be extremely relevant for business. Will those issues emerge and be developed through the euro preparations committee? Will the Executive have a role to play in that?

14:45

Mr Kerr: We have a critical role to play in raising the issues that you mention. In the public sector, the issues are, for example, the payment of benefits and the 20p in the parking meter. We need to think about all such issues. For business, the issue is, for example, nice round numbers for something—I nearly mentioned a brand, which I should not do—from a soft-drinks machine.

We must ensure that there is no profiteering in that period. That was a big concern. More critically, we must ensure that, in the planning process for euro day—if and when it comes—we have worked back from that day to find out what measures we need to take to ensure that it happens effectively. The lead-in time for euro day is acceptable for the way in which we plan that process.

I recall decimalisation day, although it was a few years ago.

Irene Oldfather: You are too young for that, minister.

Mr Kerr: I was very young at the time, but I remember the excitement of it all. I recall through misty eyes that the advertising and effort for decimalisation were a huge thing. To be blunt, if

we adopt the euro, they will have to be a huge thing again.

Dennis Canavan (Falkirk West): The British Government's white paper on the IGC and draft constitutional treaty was published only earlier today. It was good of the minister to give us some brief, initial, off-the-cuff comments. Presumably we will get a considered response from the Executive on that white paper in the fullness of time. What form will that response take? Will it be some kind of public document? I suggest a discussion document, which could initiate a national debate on the matter. Will the Executive try to lead such a national debate, so that we can listen to people's views not only on the proposals, but on possible amendments to the draft treaty, especially on matters with a particularly Scottish dimension?

Mr Kerr: I apologise for looking as though we are in a bit of chaos—I am a bit edgy because I just opened a bottle, which crumbled, and there is glass everywhere.

I have found the work that the United Kingdom Government has been doing to try to put over the European message—not the euro message—instructive on what can be done to engage with the public. I would prefer to come back to you with more detailed plans, but I envisage a debate. The more that people understand what is going on in Europe, the more they will appreciate the effect that Europe has on our lives and the steps that have been taken on enlargement, European security and trade. The more people who are engaged in that discussion, the better.

I want to think about that in more detail with my UK colleagues. If we are going to engage in such an initiative, I would want it to be UK wide so that the messages are understood. We would have our role within that, as part of a UK-wide campaign. That is probably the best way to approach such a question. I commit to thinking about that and will come back to you on the detail.

I return to our original point about the draft treaty. I am not saying that it is recommended reading for everyone, but it is a user-friendly document about the institutions of Europe. The interest in enlargement and the discussion that we are having around the euro and Europe mean that the mood is right to do something such as you suggested. However, I do not want to come up with something now; I want to have a wee think about how best to do it.

The Convener: Have you cut your hand, minister?

Mr Kerr: No, it is just that there are small bits of glass everywhere. Questioners may fire away.

Mr Raffan: I concur with your assessment of the draft constitution and Neil MacCormick's

comments. To ensure that things do not end up on the cutting room floor—to use your colourful phrase—I would like to ask about the mechanics of the IGC after 4 October. Will we have officials there who can alert you quickly to what is happening?

Mr Kerr: We will have officials there who will have influenced the process by setting out our areas of concern and who will be looking out for matters that might cause us concern.

Mr Raffan: Will ministers occasionally attend?

Mr Kerr: That has not yet been decided, but I expect so.

Mr Raffan: On Dennis Canavan's point about a national debate, do you agree that there is a need to counter the Booker-prize nominees in the tabloid press and ensure that the correct information gets out about the draft constitution? We should try to ensure that the people of Scotland receive facts, not fiction.

Mr Kerr: That is one of the responsibilities of everyone in this room. If we are to engage properly in a debate, your suggested approach is absolutely correct. We need to talk about the size of Europe, the fact that it is changing, the fact that there is a greater role for regional Parliaments and the fact that the Scottish Parliament can take part in that.

I will copy my response to Dennis Canavan to the committee.

Mr Raffan: I hope that you will spend less time thinking about it and more time doing something. It is important that some of the messages that are coming out about Europe are counteracted.

Mr Kerr: To be fair, we try to do that. However, there is a difference between trying to counteract something and getting coverage in the media, as you know. It might be that we would come up with a formal process in relation to the promotion of Europe.

Mr Raffan: A few more colourful press releases rather than the usual staid Scottish Executive ones might help. If you want to get the attention of the press, you should speak to them as colourfully as you have occasionally spoken to us today.

Mr Kerr: Or as colourfully as you have in the past.

Mr Raffan: On enlargement, what preparations are the Executive and ministers making to ensure that business in Scotland is able to take advantage of the new markets after 1 May next year? A lot of the new members have historic trade links with Scotland. What analysis has been done that will ensure that we are poised to take maximum advantage of the new markets?

Mr Kerr: The only such visit that I have been on as a minister was to the Czech Republic. We have a number of agreements running with the Government there. During my two-day visit, I saw an impressive degree of engagement with the business community and involvement with Scottish and UK businesses on the part of the Foreign and Commonwealth Office.

I hate to appear to be heretical in the eyes of some members of the committee, but I am seeking to ensure that our experience of public-private partnerships and major infrastructure projects is developed in relation to the new member states.

We are doing work in the Czech Republic, Estonia and Latvia, but if we try to focus on the 10 accession states and, at a later date, the other states that are due to join, we will spread our resources too thinly. It is important, therefore, that we take an approach that involves the building of networks. I hope to report back to the committee by the end of the year on developments involving our partnership involvement in relation to economic development.

The public sector spend that will go into the infrastructure of the accession states will be considerable. Therefore, the opportunities to be part of that process will also be considerable. I am quite confident that Scottish companies will be able to play a full part in that and that there will be a resultant economic gain.

Mr Raffan: Do you have any minister-led trade missions to any of the new member states planned for the next six months?

Mr Kerr: Scottish Development International will be taking care of most of the trade missions. I am advised that no minister-led missions are planned, but there will be trade missions and I will come back to you with the details.

Mr Alasdair Morrison (Western Isles) (Lab): In your presentation, you rightly mentioned the importance of people knowing each other's priorities—whether at European, UK or devolved level—and the importance of sharing information. How could this committee, and other committees, support ministers? For example, how could the Environment and Rural Development Committee support the minister with responsibility for fisheries? How can we develop a system or protocol whereby, after we have had a robust debate here at home on what the negotiating strategy should be, we can work collectively to support the ministers in their negotiations, as opposed to having individuals or committees undermining those negotiations?

Mr Kerr: That is important. In the coming months and years, I hope that we can develop a relationship that will allow us to do that more effectively. We must speak with one voice in

Europe; if we give out mixed messages, we dilute the messages and therefore the outcome. We need to have the good intentions that you hinted at in your question to ensure that we understand each other and that Scotland speaks with one voice. All the different players who affect Scotland's influence in Europe, whether formally or informally—they will not necessarily be members of the Scottish Parliament or the UK Parliament—should ensure that a common voice is heard. That will be critical in some of the big debates in the forthcoming IGC—in particular, on transport, farming and fishing.

Mr John Home Robertson (East Lothian) (Lab): The minister referred to the opportunities that should arise as a result of the enlargement of the European Union. However, the downside of enlargement in 2006 will be diminished access to structural funds and regional development funds. What scope will there be to maximise the advantages that Scotland can take from those funds between now and 2006? What scope will there be to substitute for those funds after 2006? Can we ensure that we maintain a reasonable budget for that purpose?

Mr Kerr: As members will know, work is continuing in that area. The first thing to do is to ensure that we spend the money that we have, doing so within the N+2 guidelines. We must ensure that no money goes back to Europe that should not go back.

We have made our views known on the future of structural funds. Discussions will continue. We want to ensure that Scotland does not lose out financially and that the benefits of the past will continue. We are working closely and hard with Whitehall to ensure that we do not lose out. With regard to where we will end up, I do not have a crystal ball to gaze into. However, we will still have a regional interest and we will still have cohesion issues that are important to us. We are battling hard to maintain the impact that structural funds have on Scotland, wherever those funds come from and however they come to us.

The European Union is enlarging and that will affect our ability to qualify for certain funds. We will have to manage those funds more effectively. We continue to work in a number of distinct areas but, at the moment, I cannot give a clear answer on the future of the funds. Clearly, that will be for others. However, we will continue to make our voice heard effectively, to ensure that Scotland does not lose out.

Mr Home Robertson: There has been talk of renationalising funding for regional development and so on. I hope that you can assure us that Scotland's claim will be made strongly from the start.

Mr Kerr: If funding is to be renationalised, we will want to ensure that we get our fair share. If the system changes in some way, we will want to ensure that the bottom line remains the same. We will maintain a fair share for Scotland. Whatever the structure and however the process moves in the future, our bottom line is always to ensure that we know where the process is heading so that we can influence it and get our fair share.

Mr Home Robertson: Let us not just think of the bottom line. Let us go for the top line.

Mr Kerr: Indeed.

The Convener: I want to ask about your top priorities, of which you say there are five. You have mentioned the IGC and structural funding; the other three are the common agricultural policy, the common fisheries policy and the bathing water directive. Does the Executive feel that it has learnt any lessons from the first four years of the Parliament that may lead to a change in tactics or mechanisms for influencing those issues?

15:00

Mr Kerr: To put it bluntly, I cannot answer that question just now, and I would like to discuss the matter more fully with officials. If I have learned anything about the finance and public services portfolio, it is that we must focus on key issues and stick with them. We must ensure that everybody knows our position and get everybody to buy into it. The Executive needs to structure its effort and set its priorities clearly. Once the priorities are set, we need to get buy-in from civic Scotland, wider Scottish interests, MSPs, MEPs and others to ensure that the voice is not distilled downwards in some way.

I have to pass on the question whether any lessons have been learnt, although my officials may want to comment on the specific question about previous processes. I am not in a position to answer that question at the moment.

Alastair Wilson (Scottish Executive Finance and Central Services Department): I have little to add at this stage. We have been learning, just as the Parliament has been learning, the importance of focusing on key objectives and getting collective buy-in to them. That has got to be one of the most important points. So much is coming out of Brussels that we cannot realistically hope to influence everything. We have to be selective, agree those priorities and go for them systematically.

The Convener: Thank you. You can always come back to us with further comments on any of the issues that we have been discussing.

Mr Kerr: Thank you, convener. I shall do that.

Phil Gallie: Keith Raffan talked about having an informed debate, but that is, to some extent, pretty pointless if the public will not have a say in signing on to the constitution.

I refer you to the list of convention text proposals that you passed to committee members in the document that you supplied prior to the meeting. It seems to me that the points that you have identified are the key issues within the convention. I feel that if we are to be well informed and have accurate information, rather than relying on the tabloid press, there should be greater detail against each of those points to explain what they mean. As we live in a democracy, an alternative view of what they could mean might also be of help. Would you consider that?

Mr Kerr: I would be happy to consider that. I would also want to work with colleagues in EMILE, where there are other opportunities. A couple of weeks ago, we discussed the fact that we need to get out and about on some of those issues. I am happy to consider Mr Gallie's suggestion and come back to the committee on that point.

Scottish Executive External Relations Strategy

15:02

The Convener: The next set of questions is on the wider remit of external relations.

Dennis Canavan: Minister, you said in your presentation that Scottish Executive external relations activities also cover relations with the UK Government. I find it interesting—almost intriguing—that the same adjective, “external”, is used to describe relationships with the UK Government and relationships with the United States, Russia, the Republic of Ireland or any other sovereign state.

Can you tell us how that relationship with the UK Government works out in practice? Let us suppose that the Scottish Executive had a potential disagreement—let us say over the education of children at Dungavel—with the UK Government about which the Executive wanted to communicate at ministerial level with the UK Government. We know that education is a devolved matter and the responsibility of the Scottish Executive, but asylum and immigration are reserved matters and the responsibility of the UK Government. Would it simply be a case of Peter Peacock lifting the phone to speak to David Blunkett? Would the First Minister’s office and your office have to be kept informed? What exactly is the role of your office in such matters?

Mr Kerr: Your interpretation of “external” is interesting. External relations include European matters and, of course, we are part of Europe. It is really a question of wording and semantics rather than intent, desire or policy and I do not think that you should read too much into the term “external”—it is simply a place to fit certain aspects of the Executive’s policy and work.

I will not be drawn into discussion of the Dungavel issue, which may or may not come as a surprise to you, Dennis. On many issues, Scottish ministers continue to have dialogue with UK ministers by telephone, by letter, at meetings of the joint ministerial committee on Europe, at conferences and events, through officials and through official working parties. We engage with the UK Government in many different ways and seek to ensure that Scotland’s views are represented. I am convinced that we have had some significant policy successes. I have mentioned the Hain paper as a good example of our influence over UK policy. I also have an overview of what is being discussed and I am copied into matters that relate to external relations, whether they involve the UK Government or anyone else.

I hope that that answers the question. However, I do not want to be drawn on the specific issue of Dungavel.

Mr Morrison: I would like to build on the theme that Dennis Canavan raised. How would the Executive respond if Charles Clarke or another UK minister made statements or pronouncements on matters that were devolved to the Executive and the Scottish Parliament?

Mr Kerr: The irony is that most of the people who advocate that position are those who would complain loudest if it happened in the other direction. However, that is politics and the way in which the world—it is a strange world sometimes—operates. I would not be happy if that happened, and I would take the matter up with colleagues. If it happened, I would be quick to respond.

Mr Raffan: Accepting the limitation of your resources and number of officials, as well as the demands of your other responsibilities, you have to focus on key objectives and be selective. We have established bilateral co-operative agreements with Catalonia, Tuscany, North Rhine-Westphalia and Bavaria. Do you plan any more such agreements? It appears to me—with my past experience—that we are some way behind the Welsh. They established connections with the motor regions of Europe—Lombardy, Rhône-Alpes, Baden-Württemberg and Catalonia—way back in the 1980s. We should ensure that we are at least keeping on a par with the Welsh.

My second point relates to the World Trade Organisation talks that will continue in Cancun tomorrow. Are we operating entirely through Patricia Hewitt of the Department of Trade and Industry or does the Executive have officials at those talks?

My third point relates to the Commonwealth. We hear a lot about tartan day, and I think that we sometimes get a bit bogged down with it. What about the other countries with which Scotland has traditionally and historically had long-term links? I am thinking of sub-Saharan Africa, India, Australia and New Zealand. An enormous number of visits are made to the Parliament by parliamentarians from those countries. I sit on the executive committee of the Commonwealth Parliamentary Association and can tell you that Scotland has very strong connections with Commonwealth countries. For example, the African high commissioners were here for Commonwealth day, earlier this year. What are we doing to ensure that those connections are built on?

Mr Kerr: I would hate to be behind the Welsh in anything. We clearly have a job to do to ensure that that is not the case.

Through the ad hoc group of ministers, we are working to come up with our proposals and we will

report to the committee in due course on where we want to place ourselves—not just in relation to the accession states, which I talked about earlier, but in relation to the regions of Europe such as Bavaria and Tuscany—and on the work that we have done, which I mentioned in my slide presentation. We are seeking opportunities to build up our positive engagement with Europe, in relation to which the First Minister's role in Regleg also offers some scope. We have used that positive engagement effectively, which is why the First Minister is taking that role, which will be of great benefit to Scotland.

We have more plans, but we seek to liaise with wider civic Scotland and particularly with the business community on how best to deliver an intervention that will make a difference to Scotland. We have nobody at the Cancun talks, but our officials have been assured that our views on any relevant matters will be presented by the DTI.

Other ministers and I have met a variety of visitors from Commonwealth nations. An item on our work schedule is enhancing and developing our approach to Commonwealth issues, but that is a question of resources and benefit. We must clinically examine the critical engagements that must happen, where we would like to do work and, to be blunt, where we can afford not to do work.

As I said, I took on my ministerial portfolio recently. I work with ministers through the ad hoc ministerial group to get the balance right. The Cabinet has discussed the subject. I do not want to tell tales out of school, but we will discuss the matter again to ensure that that critical engagement is correct.

Mr Raffan: Do we not have room to take the initiative and to be proactive on Erasmus mundus, which extends the Erasmus programme to third countries? Given that many citizens of Commonwealth countries are at universities and colleges of further and higher education in Scotland, we have the opportunity to take the initiative in Europe on that new programme.

Mr Kerr: I will pass on your view to Jim Wallace, who is responsible for dealing with that programme. Other educational opportunities are presented by e-learning, in which we can play a role that has a significant impact in Europe and abroad. I take your point that an opportunity is available, but we must resource it effectively. I would not like to engage in a half-hearted way that does not deliver on the original objectives and means that we do not deliver our end of the deal in any partnership. The key issue is prioritisation, but, as I said, I take your point and am happy to return to the committee on that issue.

Irene Oldfather: I will follow up Keith Raffan's point about co-operation agreements. One

problem that the committee has faced is that many regions have wanted to get in touch with us and enter into bilateral agreements or exchange information. The minister has said that priorities and a focus must be set. Is he thinking of establishing relevant criteria for the future, which the committee or the Parliament could share with the Executive? We could have most use from some co-operation agreements if the Parliament or the committee followed through on Executive links.

Mr Kerr: That is right. We must bear in mind our main objectives and link them with our priorities when an opportunity arises to make an agreement with a nation that is of economic advantage to Scotland, to transfer our experience and its benefits to other nations or to influence other sub-nation states in relation to what happens at the IGC or beyond. I would happily undertake work on criteria—the checklist of our agreed objectives and strategies—against which we could judge how our relationship with a nation would be of benefit. We would need that analysis as the basis for a proper decision.

The Convener: Perhaps we can develop that good point later.

Mr Kerr: Indeed.

Phil Gallie: A recent report showed that Scotland's population is declining. Arguments continue over whether we should relax the immigration position, and concern is felt about the availability of skills and the work force to take us into the future. Has the Scottish Executive considered the situation that will follow EU enlargement? I refer not just to countries that are about to come into the EU, but to others that might join in the future, such as Romania and Bulgaria. Have any projections been done with regard to the likely movement of people from eastern European countries into Scotland following enlargement, and to the populations that would be involved?

15:15

Mr Kerr: My colleagues and I are not aware of any specific piece of work on that. That takes us into a broader discussion around immigration and the fresh talent initiative, which seeks to promote Scotland as an attractive place to come and work. We present Scotland as a good place in terms of quality of life, opportunity, education and environment for immigrants coming into the UK. The good things that we say to draw people to Scotland will help to tackle some of the demographic issues that you mentioned.

We should not be trying to take the best of the talent and trained people away from their countries—from European accession states or other countries in the world—because their

nations need them. There is a fine balance to be struck. The First Minister referred to people legitimately coming to this country and being awarded the necessary status. Once they have fulfilled all the relevant criteria, we should make Scotland a destination for them. There are many qualified and trained people out there from whom we could benefit once they have been through the proper UK immigration processes.

I do not see a contradiction in the relationship between what the First Minister said about fresh talent and UK immigration policy. We should be telling asylum seekers who get the required status in the UK that there are opportunities in Scotland for their skills and for their families, with quality of life, education and so on, and that they should therefore consider coming to Scotland.

Phil Gallie: Do we not lose control of that with the forthcoming enlargement of the EU? Under an expanded single market, people from Romania or Bulgaria, for example, will be entitled to come here to find jobs. We will have no control over ensuring that talent stays in some of the backward countries in eastern Europe. Is it not worth at least considering what the effects of enlargement will be over the next few years? Is that not something that the Executive should be doing?

Mr Kerr: To be blunt, I am not sure, but I am happy to think about it. When being in the European Union has an impact in some of those developing countries—I do not mean “developing countries” in the traditional sense; I refer to the countries that are coming into the EU—opportunities should arise in those countries, with investment in infrastructure, education, training, universities and culture. That is something that the current EU nation states can, in a sense, deliver to those other European nations.

I do not see the situation in the same way as Phil Gallie does—I am not sure whether I share his view. The intention with the new opportunities that are to be created for economic development, employment, farming and industries that need to be modernised in those countries is to keep their good people there; it is not for us to try to soak them up here.

Phil Gallie: I was not trying to establish opinions; I was asking whether the Executive had researched the matter.

Mr Kerr: I doubt that that has been done, but I will come back and confirm that to you.

The Convener: You mentioned the fresh talent initiative, which was launched seven months ago. Could you provide us with an update on that initiative? What resources have been put into it? Do you have to liaise on asylum and immigration policy, or have you made a point of contacting the UK Government about the issue, given that it will

influence the Executive's ability to attract fresh talent to Scotland?

Mr Kerr: The Executive has a small working group—I cannot remember its name, but we can call it the fresh talent team for today—working away at how the policy can be rolled out. I am unaware of any discussion that members of the team might have had with the Home Office to date, but I will ask them about that specific area. There needs to be a separation not just of reserved and devolved responsibilities but of what the policy seeks to achieve.

Under the fresh talent initiative, we are seeking to develop and present Scotland as somewhere to work and prosper, where there are opportunities, with education available for children, access to higher education institutions and a high quality of life. That is separate from the harder issues around immigration, but it is a matter of how we sell on that strategy to those whom we might be seeking to attract. I will check with the fresh talent team about that, and I will tell you what discussions have been held with the Home Office to date, if any.

The Convener: It would be helpful if you could come back to us on that.

Mr Kerr: No problem—will do.

Mr Morrison: I have a housekeeping question about tartan day. What protocols do the Executive and other Scottish agencies involved in tartan day have in place? How do we ensure that we do not unwittingly become embroiled with initiatives that, on the face of it, look completely innocent but actually involve quite sinister characters? Thankfully, Mr Trent Lott is no longer involved with tartan day but, though we may laugh about it, it is important to ensure that people like that are kept at a distance. They need to be kept away in the background when we are promoting Scotland. At one level, we obviously want Scotland to be promoted but, at the same time, we need to ensure that the people who sit at the table and are involved are not people like Trent Lott. How do the Executive, VisitScotland and SDI or whoever vet—for want of a better expression—the individuals from the other side of the Atlantic who so willingly show a desire to become involved with initiatives?

Mr Kerr: I cannot give a cast-iron guarantee that such situations will never arise. Of course, the Parliament also got in a bit of a fankle recently, but these things happen.

To answer the question, we seek to ensure that our intelligence and networks are effective enough for us to gain that information so that we do not end up in those situations. Hence, the Executive has a member of staff out in Washington and an office in Brussels. We have formal and informal networks to ensure that those situations should

not arise. Sadly, there can be no such thing as a guarantee on that point, but we certainly would not repeat that situation. We seek to ensure that we have our reconnaissance absolutely spot on for some of those more difficult issues.

Mr Raffan: Further to the point that I raised about the WTO, I understand that we were represented at both official and ministerial level at the 2002 world summit on sustainable development in Johannesburg. What criteria decide whether we are represented? Do we have to get the approval of the UK Government? It seems rather surprising that we were represented at ministerial level at that very important international conference but will not be represented in any way at the equally important WTO talks that begin tomorrow.

Mr Kerr: I am not saying that the WTO talks are not important, but we have responsibilities in devolved, not reserved areas. Given the Executive's functions, we had a clear role in sustainable development. We have strategies through the Scottish Executive Environment and Rural Affairs Department, and there is also Ross Finnie's work, as well as the efforts of the First Minister and the Minister for Education and Young People. There was a clear justification—a clear reason and need—for us to be represented at the Johannesburg event.

There are two clear, important points about the international trade discussions. First, we need to acknowledge that the matter is for the UK. Secondly, however, our views are represented appropriately in terms of documentation, positions and influence.

The answer to the question about how we make that judgment is that it is made on the basis of which of our policy levers in Scotland comes into play in those discussions. For sustainable development, there are clearly many critical levers within Scotland. However, international trade relations are the responsibility of the DTI. Clearly, the issue affects us so our views are represented to that department, but we do not have the levers. I am not saying that we are not responsible for enterprise—we are—but international trade negotiations is an aspect for the UK Government, which we seek to influence through our normal channels.

Mr Raffan: So it was not a question of us asking to be represented and being turned down.

Mr Kerr: That is correct.

The Convener: On a similar subject, I think that the partnership agreement refers to the Executive encouraging non-governmental organisations that work with disaster relief and promote development. What measures will be taken, or have been taken in the past few months, on that?

Mr Kerr: To be honest, I am not aware of any significant steps, but that does not mean that work is not being done. I apologise, but I will need to come back to you on that.

The Convener: That would be helpful. We are coming to the end of agenda item 3. I will allow John Home Robertson to ask the final question.

Mr Home Robertson: My question is not entirely relevant, but I will try the minister anyway. I have been reminded that today is the 490th anniversary of the death of two of my forebears, the king and about 10,000 other Scots at the battle of Flodden, which was an example of catastrophic external relations with England and rather confused external relations with France. I hope that the minister will try to keep things on an even keel.

Mr Kerr: There are more up-to-date lessons than that, but you make a valid point.

The Convener: I am pleased that that was the final question. I thank you and your officials for attending. In the spirit of your opening remarks, we look forward to a constructive and fruitful relationship in the coming months and even years. Many issues have arisen on which you said that you would get back to us. We are particularly interested in the IGC consultation and ideas to involve the public and get the debate going, as the committee has agreed to look at that area. As we are up against the clock, we would appreciate it if you could get back to us on your plans in that area, and on the other matters, in the near future. We will see you again before too long.

Mr Kerr: Thank you for your time.

Promoting Scotland Worldwide Inquiry

15:26

The Convener: We move on to our inquiry into external relations. The session with the minister was not part of our inquiry, which we have not yet started, but it might have given us some ideas about the subjects that we want to address. At our meeting on 24 June, we agreed that the inquiry would be a major inquiry and that we would conduct it very soon. We will examine the Executive's strategy for external relations and its efforts to promote Scotland world wide. The inquiry will be wide-ranging, so we will have to limit it to a number of key areas in order to keep it focused.

I will briefly go over the external relations matters that the background paper, which members should have read, suggests we concentrate on. The five key areas are: the Executive's general strategy; the Executive's external links with other nations and regions; input into EU decision-making processes; the Executive's efforts to promote Scotland world wide; and a review of tartan day. We should take into account the fact that our predecessor committee might have dealt with some of those issues, especially input into EU decision-making networks, although I do not think that we would want to exclude that from the forthcoming inquiry.

We should agree the terms of reference for the inquiry, because that will allow the clerks to issue a call for written evidence, which will enable us to begin the inquiry. I will go round the table for comments on the paper.

Irene Oldfather: The Parliament's draft external relations strategy was circulated to us in June. From reading that document in tandem with the remit, it seems that we will miss out a whole chunk of external relations strategy. There are many inward and outward visits that involve the Presiding Officer and the committee. Paragraph 25 of the "Evaluation of the Scottish Parliament's External Liaison" says:

"At the SPCB's request, a fuller evaluation of the Parliament's experience of Tartan Day is underway."

I am slightly concerned that we might overlap with work on tartan day that is on-going in the Parliament's external liaison unit. We want the Executive and the committee to adopt a joined-up approach, so perhaps we should examine the Parliament's external relations strategy in relation to the unit at the Executive.

The Convener: You touch on some interesting points, but our remit, which we agreed in June, is

to scrutinise the Scottish Executive's external relations strategy. The inquiry must concentrate on that strategy and I do not want to muddy the waters.

Mr Raffan: I agree strongly with Irene Oldfather, because our small external liaison unit, which does an admirable job with few people, is often linked into what the Executive does, in the sense that its agenda is dictated by the people who come to visit the Executive. That is not true in every case, but a large part of its work is dictated by the Executive. I have additional points to make, but Irene may not have finished, and I do not want to cut her off in midstream.

Irene Oldfather: My other point is about the inquiry that is already under way on tartan day. Has the report of that inquiry been produced? At what stage is it? Why would we hold such an inquiry as well?

The Convener: The existing inquiry into tartan day by the parliamentary authorities is about Parliament's, rather than the Executive's, relationship with tartan day. Our job is to scrutinise the Executive, not Parliament. That does not prevent us from incorporating into our inquiry the information that is out there, whether it is gathered by the Parliament or anyone else, but our job is to scrutinise the Executive's external relations activities, which is what we agreed to do in June. Keith, do you want to come back in?

15:30

Mr Raffan: I have some other points to make, if I may. First, I hope that when we discuss the strategy we address resources, because the two are linked. The minister emphasised continually the point about having to concentrate on key objectives and being selective. To my mind, the Executive seems to work with an extremely small staff.

Secondly, our list of proposed witnesses who will provide written evidence is somewhat parochial—we should reach out further. For example, we should go to the Welsh and find out what they are about, in particular with regard to when they stole a march on us back in the 1980s and entered into the agreement with the motor regions, rather than entering into bilateral agreements, which we have done. We need to see what others are doing, and not just the Irish and the Welsh. We should think about approaching some of the Länder, or Catalonia, to see what they do. We have to widen the range of people from whom we are taking written evidence to find out how others—not just within the UK, but outside it—handle the subject. They might be a lot more imaginative and innovative than we are.

My third point follows the one that I made to the minister about the Commonwealth, which is part of

the issue, given Scotland's long historic links with Commonwealth countries. We should take evidence from the Commonwealth Secretariat. We need to work out what is and is not a priority, and what should and should not be a focus. We have to rule things in or rule them out.

The Convener: Every committee member is at liberty to send an e-mail to the clerks, adding to the list of people who should be invited to give written evidence. There is no limit to who we can ask for written evidence in the first instance. Are there any other comments?

Mr Home Robertson: I simply want to add to what Irene Oldfather and Keith Raffan said about the need to have regard to what the Parliament is doing in this field. It would be ridiculous if there was not proper co-ordination between the Executive's external relations strategy and that of the Parliament. I take your point, convener, that the remit of the committee is to scrutinise the work of the Executive, as distinct from the Parliament, but it would be appropriate to examine the work of the Parliament. In fact, we have already had a paper from the clerk on the Parliament's external relations work. It is important that the Presiding Officer and the Scottish Parliamentary Corporate Body are properly co-ordinated with the Executive's external relations work. Although examination of the Parliament's external relations work could not go in the title of the inquiry, it should be implicit that that will be part of our line of questioning.

The Convener: That is a perfectly fair comment. The issue of the Parliament and the Executive having the same agenda and co-ordinating their activities is perfectly genuine. I do not doubt that that will be built into the inquiry. The point is that the specific remit is to scrutinise the Executive's strategy.

Dennis Canavan: I hope that our inquiry will cover certain aspects that are referred to in the paper. Naturally, external relations with European Union and other European countries are high on the Executive's list of priorities.

The document also makes specific reference to protocols with a number of regions in the European Union, namely Catalonia, Tuscany, North Rhine-Westphalia and Bavaria. We should consider those protocols in detail and find out how they are developing. Are they simply bits of paper? How are they working out in practice? Bearing in mind what the minister said earlier about external relations covering relations with the rest of the UK, we should consider the relationships between the Scottish Executive and the Welsh Administration, the Northern Ireland Administration and the Government of the Republic of Ireland. In terms of bilateral relations, Scottish-American relations figure high in the Executive's priorities. I am not

sure whether tartan day is the best expression of Scottish-American relations, but I have a fairly open mind at this stage. We should consider that and other aspects, such as trading opportunities between Scotland and America, and between Scotland and other countries throughout the world.

The Convener: Lots of members are nodding their heads.

Mr Morrison: As others have said, we need to be clear about what the Scottish Executive and the Parliament do—I am sure that the Presiding Officer would be delighted to assist us in that. Dennis Canavan mentions the other regions, and the agreements and the memorandums of understanding, or whatever the proper term is, in relation to the other regions. Before we can recommend to the Executive anything on the accession countries, it is essential that we know what the current members are about, that we understand them fully and that we appreciate what the outcomes are. That merits further examination.

Gordon Jackson (Glasgow Govan) (Lab): The document and the whole approach are good; when I first read the document I was quite up for it. I agree with other members' comments, in particular about the Parliament's strategy having to be included, although I accept the convener's point on that matter.

However, I wondered about the scale of the job that we are taking on, which strikes me as being very big. I have been listening to members say that they want to add various things to the inquiry—Dennis Canavan had a lot of perfectly good ideas—but I caution that we will eventually have to draw a line under the subject because it is the sort of inquiry that would, like Topsy, continue to grow. No matter how much time we gave it there would always be something else that someone would want to do. We will need to be disciplined in deciding how far we will go because not everything that everybody wants will be done. It would be impossible to do that. The European Parliament is on the list of witnesses—can I assume from that that we intend to take evidence from MEPs?

The Convener: There is no reason why we should not.

Gordon Jackson: That would probably be worth while. As we are interested in knowing how well we are doing quoad the European Parliament, it would be good to hear the view from MEPs' side.

The Convener: Those points are very fair. We need initially a relatively broad outline but, if members agree, we will focus on those five areas. It should become easier for the committee to focus as the written evidence comes in. Gordon Jackson is right—the inquiry could grow lots of arms and legs.

Gordon Jackson: It might never end.

Irene Oldfather: It would be helpful if we could have early sight of the external liaison unit's review of tartan day. Although the paper that we have was circulated in June, it is dated February 2003. It sets us the objective of ensuring that tartan day represents value for money. Our objective is to assess the merits of tartan day and its potential; however, rather than reinvent the wheel, early sight of that paper might allow us to be more focused, to be clear about our objectives and not to go over the same ground.

Stephen Imrie (Clerk): It might help members to know that the review of tartan day is not complete—at least in so far as the Parliament is involved. I discussed with colleagues in the external liaison unit the draft terms of reference so that I could get an idea of where the Parliament fits into the process. I am happy to make inquiries on behalf of members about the tartan day review and to incorporate information into the committee's inquiry in a way that is suitable.

Mr Raffan: I hope that tartan day will not loom too large. I accept what Irene Oldfather says.

Dennis Canavan raised the important point that trade is an important part of the strategy. I tried to make that point earlier. We must examine certain issues. We should consider the example of Wales. We all know about outsourcing to India and it is interesting that three Indian companies announced last week that they were establishing bases in Wales. The Welsh have also established a strong connection with a cluster of Japanese companies. We do not want to get bogged down in inward investment, but those kinds of developments are relevant to the inquiry.

The Convener: Can I take it from members' comments that they are in broad agreement with the five areas that have been chosen, that they are happy to sign off the title and that we can incorporate the emphases that members have placed on the various issues today? That will enable the clerks to open the inquiry by inviting written evidence; we can come back to the matter in the near future. Is the committee happy to proceed on that basis?

Members indicated agreement.

Regional Development Funding

15:42

The Convener: Item 5 is on renationalising regional development funding, which is a subject that the committee has discussed several times. The item is on the agenda so that we can decide how to approach regional development and European structural funds. We have agreed at previous meetings to pursue the issue.

The key point in the timetable is between now and the end of the year, when the European Union will publish its next cohesion report. That will give us an insight into the direction in which the EU wants to go. The year after that will also be important in terms of the UK's response to that report.

An immediate issue on the agenda is the consultation that was carried out by Whitehall into renationalisation of regional development funds, and other issues. We indicated previously that we lacked time to address that matter properly and the consultation has now closed. We can discuss how we can move forward.

Committee paper EU/S2/03/3/3 proposes some options that may enable us to make progress. One option is that we could undertake another round of consultation to get people's up-to-date views on specific questions. We could then have a quick evidence-taking session with ministers from Scotland and London. I invite comments on the paper.

Gordon Jackson: I read the paper with some trepidation and perhaps a lack of enthusiasm, because I find myself torn about what is the best way forward. I accept that the subject is important, so the European and External Relations Committee cannot ignore it. Option 1 is to hold a full inquiry. It is obvious that we will not hold another full inquiry when we will be having the inquiry that we discussed five minutes ago. Option 2 is to appoint a reporter—as long as that reporter is not me, I have no objection in principle to that option.

However, it is obvious that option 3 is the only realistic possibility. I wonder—I am interested in other members' views—whether option 3 would have value. We would get a written document, discuss it and hold a one-off evidence-taking session after which, as the paper states:

"The Committee would ... publish its conclusions".

My sneaking feeling is that there is no way that I will ever reach a conclusion, because I will never be confident that I know the answer. I am almost certain that my level of knowledge will never be great enough for me to draw a conclusion.

Perhaps that makes me a wimp on the matter, but I worry about the value of a process that must—I accept that it must—be truncated in such a way.

In all honesty, I do not know how we can ever reach a conclusion about what we are trying to achieve. I concede that other members could do so, because they have knowledge that I do not have in this respect.

Mr Raffan: I agree that the third option is the best, although I must qualify that because I share several of Gordon Jackson's concerns on the matter. Quite frankly, I do not think that a one-off evidence-taking session—if that means two hours on one afternoon—is adequate. Once we receive some written responses to the questions that have been sent out, we will need two—or maybe even three—evidence-taking sessions if we are to do the issue justice and not appear simply to be skating on the surface of it.

15:45

Mr Morrison: Unlike Keith Raffan and Gordon Jackson, I could not settle on a particular option, although I know that I am ruling out the first one. Perhaps there should be an option that accommodates options 2 and 3. The obvious question that comes to mind is whether we are aware of what our sister committee at Westminster is doing. I assume that the issue is on that committee's radar screen and that its members are tackling it. If we are going to examine the matter—as it appears we are—we should certainly establish early on what our Westminster colleagues are doing, because they will have a UK overview. We should also find out whether we can meaningfully filch information from them or work with them, and whether what they are doing will dictate our direction. After all, the last thing we want to do is duplicate effort.

Dennis Canavan: The problem that Gordon Jackson raised is a general one that the committee will face as it does its work. We will have to listen to the evidence that is presented to us, weigh it up and try to reach our conclusions. Sometimes it might not be possible to reach a firm and unanimous conclusion, in which case we either do not bother to publish a conclusion, or we vote on the division of opinion and publish the result as a majority recommendation, conclusion or whatever.

I do not see that the subject of inquiry or the third option in the paper gives rise to the problem that Gordon Jackson has raised. However, the third option will probably mean that less evidence would be presented to the committee than through option 1. I am inclined to go for option 1, simply because of the time constraints, but I could be persuaded to choose option 2 if a committee member was willing to declare an interest in

becoming the reporter and collecting all the evidence on our behalf. Of course, the member would have to report back to the full committee and we would decide whether to accept their findings, or otherwise.

Gordon Jackson: I accept that the problem that I highlighted comes up in every inquiry. I am not suggesting that we have to be totally learned to deal with a subject; however, it is a question of balance. For example, we will receive so much information for our other inquiry that we will have a reasonable prospect of reaching a view on the matter. It strikes me that the complexity of this particular subject and the fact that we will spend so little time on taking evidence mean that a reasonable view will be almost impossible to achieve. It is a question of balance between the subject's complexity and the amount of time that we spend on it. For example, if you decide to spend 10 minutes on a hugely difficult subject, you know before you start that you will not reach a view. I just wonder how we will balance those aspects.

The Convener: I ask members to make their comments through the chair.

Mr Home Robertson: On a technical point, I understand that there will be on-going European Union regional funding until 2006. That is certainly a matter for the committee's consideration. However, I also understand that renationalisation of that funding after 2006 has been proposed, which means that the UK Government would establish a substitute system from domestic resources to continue regional development funding. Does that technically fall within the committee's remit? Would not it be more appropriate for the Enterprise and Culture Committee or some other committee to deal with that issue? I am humbly seeking the truth—I am not making any difficulties.

The Convener: The matter definitely falls within this committee's remit, if we wish to pursue it.

Mr Home Robertson: Is that the case even though the funding would no longer come from Europe?

The Convener: That would be the case only if the UK had decided—and had persuaded the rest of Europe—to pursue that line. That decision will be announced in two years' time. At the moment, the question that faces this committee is: what is in Scotland's interests? Although our involvement in the issue has been limited, the Scottish Executive has submitted a response to the UK consultation through the Scottish European structural funds forum.

I understand that we agreed to look at what was in Scotland's interests in terms of—

Mr Home Robertson: We could drift into an inquiry on a hypothetical question, which might not be terribly productive.

The Convener: The question is not hypothetical. The decisions are going to be taken by Westminster in the next few months and by Europe in the next year or two.

Mr Home Robertson: All right.

The Convener: This is the time to influence things.

Irene Oldfather: I want to return to the key questions that we are posing. I am not entirely happy with some of the questions. As the convener said, when we discussed the subject at our last meeting, we queried what is in Scotland's best interests; I guess if we picked away at question 5, we could say that it contains an effort to get at that. However, the key question of how to maximise the benefits of European structural funds to Scotland seems to be lost in the six questions that are included in the paper.

I do not know what question 6 is about—perhaps someone can explain it to me. Are we asking whether the United Kingdom Government is interested in pursuing the same policies that other member states are interested in? Is that what that question is about? If so, it is heavily disguised.

The Convener: If the member wishes, she can suggest a clearer wording for question 6. If she does that, I am sure that we can accept it.

Mr Morrison: What are the present arrangements between our clerks and those on our sister committee at Westminster?

The Convener: I will ask the clerk to answer the question.

Stephen Imrie: I am not aware of which Westminster committee would be the most relevant or indeed whether Westminster committees are looking into this subject area. Our sister committee, if we want to call it that, is the House of Commons European Scrutiny Committee, but it does not necessarily always work in the same way that this committee does in respect of parliamentary inquiries. That committee undertakes inquiries, but I am not aware that it is undertaking an inquiry into structural funds and regional development. I would be happy to find out for members which House of Commons or House of Lords select committees might be inquiring into that subject area.

Through informal discussions with other Scottish Parliament clerks, I understand that neither the Finance Committee nor the Enterprise and Culture Committee, which would be the two most relevant committees in the Scottish Parliament, plan to

conduct inquiries of this type at this stage. That is the advice that the clerks are giving to their committees—they are waiting to see what this committee decides to do. If members agree, I am happy to make the appropriate telephone calls to Westminster to find out what, if anything, is happening there.

Mr Morrison: That would be helpful.

Irene Oldfather: Just to follow on—

The Convener: I ask the member to speak through the chair.

Do you have any more points to make, Alasdair?

Mr Morrison: None.

Irene Oldfather: I want to follow on from the point that Alasdair Morrison raised. The paper mentions the structural funds forum. The Scottish Executive has set up a working group in partnership with others to attend the forum. John Bachtler and Laurie Russell, both of whom have a great deal of experience in this area, are crucial to that development.

As Alasdair Morrison said, it would be helpful if we could, rather than go over the same ground, feed into some of the other work that is under way. It is recognised in Scotland—and, possibly, in Europe—that John Bachtler is an expert in the field. If he is doing a lot of work on the subject, perhaps we should tap into that in the same way as Alasdair Morrison suggested we should do with the House of Commons.

The Convener: I will give a final word to Phil Gallie.

Phil Gallie: There is a fourth option that is not included in the paper, which would be to hold the item on the agenda and consider it as we receive more information. It was suggested in the European Parliament last week that repatriation of funds was not on, from a European parliamentary viewpoint. I would like to know a bit more about that.

As far as committees at the House of Commons go, I suggest that, as repatriation comes principally from the Treasury, the Treasury Select Committee might be the one to look at the subject. However, we should have more information and a clearer direction in which to go before we make decisions about what we should do. I emphasise that it is important that Scotland is aware and watches for possible changes.

Dennis Canavan: The briefing paper states:

“the DTI hopes to have an initial policy response by early September 2003”,

which is around now. When Stephen Imrie is making inquiries, it might be worth his while to check details with the DTI and the House of

Commons Trade and Industry Select Committee, which is chaired by Martin O'Neill—like the other Martin O'Neill, the chair of that committee has a particular interest in European matters.

The Convener: We will find out what members are seeking.

Do members agree to defer the matter so that more information can be obtained? I take it that the matter will stay on our agenda; it is extremely important to Scotland and I expect that the committee will want to scrutinise the Scottish Executive's representations over it. Should we put the matter on a committee agenda in the near future once we have the relevant information? We will vote on the options if we need to, because we must decide whether to investigate the issue.

Members indicated agreement.

Mr Raffan: May I raise an issue?

The Convener: Is it about what we have been discussing?

Mr Raffan: I will raise the issue under any other business at the end of the meeting.

The Convener: Does it relate to the issue that we are discussing?

Mr Raffan: It relates to structural funds. To what extent is the committee allowed to follow up unanswered questions in ministers' written briefs? Has the committee done so in the past? A point has been made about the N+2 rule and the fact that the east and west of Scotland are not on schedule and may have to remit funds back. The Executive is considering programmes to ensure that that does not happen, but it does not say what those programmes are. I would like to have more information on the matter. Can we ask for information? Obviously, we can lodge questions, but can we ask questions through the clerks? What has been the practice in the past?

The Convener: If you are happy, we will ask the clerks to ask questions—that would be no problem at all.

Convener's Report

15:56

The Convener: Item 6 is the convener's report. Five brief items need to be brought to the committee's attention. I hope that members have read the papers.

The first issue concerns proposals to develop an early warning system to ensure that Europe adheres to the principle of subsidiarity. The system has been proposed in the debate on the constitution, which will be discussed at the IGC—we touched on that earlier. The early warning system would comprise a built-in mechanism whereby national Parliaments throughout Europe would have the opportunity to object to EU proposals on the ground of subsidiarity.

We have received a letter from Jimmy Hood, who is the chair of the House of Commons European Scrutiny Committee at Westminster. That committee had to consider the issue, as it applies only to member state national Parliaments, but it is keen for sub-national legislatures such as the Scottish Parliament to have a say. Members will see from the paper that the Westminster committee has proposed automatically to rescind clearance of EU legislation if the Scottish Parliament or the National Assembly for Wales objected to any piece of legislation within six weeks.

The Westminster committee's proposal is helpful. I suggest that we should welcome the committee's input and agree with what it says. However, we will probably have to return to the matter to consider how the Scottish Parliament's internal procedures work. For example, under what circumstances would the European and External Relations Committee have the authority to object to legislation, as it is clear that there will also be a role for other parliamentary committees? We would need to address that matter at some point in the future, although it is not up for discussion at the moment.

Gordon Jackson: Obviously, our reply should be positive, as the House of Commons European Scrutiny Committee sounds positive about involving us in the process—we should welcome that. I agree that nuts and bolts need to be worked out.

Do we have any idea about how much work is involved? A lot needs to be done up here in a six-week period. The Parliament, subject committees or local authorities might need to be involved. Therefore, the nuts and bolts that the clerk is going to consider of how the procedures will operate and how we will liaise with Westminster

must be worked out, although I accept that that matter is not for discussion today. However, what it was in the back of my mind to ask was, how often does what we are discussing happen? Do we expect it to happen once a year, once every four years, once every 20 years or once every 10 minutes? The frequency would make a huge difference. Is it likely to be common or just a rarity? The answer will affect how we set up systems in the Parliament. We may not know the answer, but I wonder whether the clerks or anyone else can give me an idea. I have no idea whether this will happen regularly or once in a blue moon.

16:00

The Convener: I do not have an answer to your question, Gordon. As ever, it was a nice, easy one. I do not know how we can answer it in the foreseeable future. The first question that we must all consider is whether this proposal will stay within the IGC and become part of the new constitution. That will perhaps be our first obstacle. In the meantime, I expect that the committee will want to support the proposal, as will the Scottish Executive and everyone else who has been campaigning for a role and input for sub-national Parliaments such as the Scottish Parliament. We will have to return to consideration of the best mechanism to use within the Scottish Parliament and consideration of our relationship with Westminster.

Are there any other comments, or shall we just agree with the recommendations in the paper?

Irene Oldfather: The paper gives a helpful outline of the key issues. Tough decisions lie ahead, but you are right to say that this is not the time to make those decisions. We must wait until further progress is made in the IGC. I have a few comments about some of the suggestions for how we should proceed. There may be better ways, but I do not think that it will be useful to discuss them today. We should just agree to the paper in principle and thank the clerks for the effort that they have put into it.

The Convener: Are we happy to proceed on that basis?

Members indicated agreement.

The Convener: Members should forward any comments or thoughts to the clerks. At some point, we will receive a paper on this issue.

The next item in the convener's report is the membership of the Scottish euro preparations committee. I have had an exchange of correspondence on this issue with the Scottish Executive. That committee met for the first time on 2 September. I asked whether there were any plans to invite a representative from this committee or the Parliament on to that committee.

The answer is, in effect, that there are no such plans. Many of us may regard that as disappointing, but the Executive has offered to pass information to us to keep us up to date with the deliberations of the Scottish euro preparations committee. I propose that we welcome that as a step forward.

Phil Gallie: In welcoming it, can we ask for an immediate update on that committee? I would like to know the costs to date and the costs that are expected in future. Is there some kind of budget for the committee, given that there is, as yet, no distinct policy on joining the euro?

The Convener: I think that we would all be happy to ask for that.

Mr Raffan: The paper says that the committee might report back to us regularly. What are we talking about—quarterly?

The Convener: No time scale is indicated. I would be keen to find an answer to your question.

Mr Raffan: We need a clear basis for reports.

The Convener: Perhaps it could report after each of its meetings.

Irene Oldfather: It would be helpful, when there is an exchange of correspondence with ministers, if copies were sent to all committee members. I note that the original letter was sent on 20 June. If we all received copies, it would be helpful information for us and we could all lobby in a collective committee effort.

The Convener: Point taken. As no members have further points to make, I take it that we are happy to proceed as outlined in the paper.

The next item in the paper is the potential impact of the EU's draft hallmarking directive. The issue has been raised in the committee before. It has also been the subject of correspondence to the committee from the Scottish Council for Development and Industry, which wished to bring its concerns to our attention. The programme that was issued by the Italian presidency of the EU suggests that this issue is back on the agenda in Europe. That is causing concern throughout the jewellery industry in Scotland and among business organisations such as the SCDI. Should current proposals go through, it may be that there will be no independent assessment of jewellery. Members of the European Parliament and the Westminster Parliament, of all parties, have expressed their concerns publicly. How do we want to handle the issue, bearing in mind its implications for one of Scotland's industries?

Mr Home Robertson: It would be helpful to get clarification of the facts. You said that colleagues in the European Parliament and the SCDI have expressed opinions, but what exactly does the

draft directive say? Does it threaten the assay system in the United Kingdom and specifically in Scotland? If it does, we should examine it, but if it does not, what is the point in dragging up people's concerns?

The Convener: Many people have expressed concerns to the committee and we want to say whether the draft directive poses a threat to Scotland. Perhaps we could ask the Executive.

Mr Home Robertson: Do we have a copy of the document that we are talking about?

The Convener: I do not have a copy just now. The document has not been forwarded to members as yet.

Stephen Imrie: I clarify for members that the draft proposal has been around since 1993. We cannot download a copy from the European Commission website or any of the Europa websites. I presume that there are copies, perhaps for civil service working groups or groups of national civil servants taking part in discussions, but I do not have a copy. I have a copy of the letter from the SCDI, which is attached to the committee papers. We also have a number of more private letters that were sent to us by people such as Elspeth Attwooll expressing their views on the draft proposal as it stands.

The Convener: Elspeth Attwooll is a Liberal Democrat member of the European Parliament.

Mr Home Robertson: I have a note from Bill Miller, who is also a member of the European Parliament. He says:

"The proposed Directive leaves each Member State to choose from amongst three certification procedures, of which the British hallmark is one. Therefore, the British hallmarking tradition is not being threatened.

Quality control will continue to be carried out exclusively by national authorities."

We need facts. If there is a problem, by all means let us address it, but if there is not a problem, we should not stoke up the matter unnecessarily.

The Convener: Given that politicians from all the parties at Westminster and in Europe are voicing concern, I recommend that we send the Executive a letter to find out whether it is aware of issues of concern.

Phil Gallie: I have made a few inquiries. I tried but failed to get information on the draft proposal. There is real concern among assay officers and jewellers that there could well be a threat. MEPs appear to acknowledge that there is a problem and it is well worth investigating at an early date. We have already experienced problems arising from the food supplements directive, which became a fait accompli. Once we have seen the proposal in the proposals for the Italian

presidency, we should challenge it right from the start.

Mr Raffan: We certainly have to do something about the proposal. It is causing concerns to constituents. Jewellers from Alloa, Stirling and Perth have written to me on the issue and I am certainly keen to find out what is going on. The convener's report says that the proposed directive is as yet unpublished. Is that why we cannot download it?

Stephen Imrie: It is unpublished in that I cannot get a copy from the normal sources.

Mr Raffan: It is right that we do what is recommended and write to the Executive seeking its views. The issue is important.

Mr Morrison: We have to be careful. There is a big difference between people voicing concerns and each voice saying exactly the same thing. It is patently obvious that the two members of the European Parliament who have been mentioned today are not saying the same thing. I am not accusing them of confusion, but I cannot lend my support to a proposal when I do not know what I am voting for. We need more clarity and information and I am sure that the clerks will be able to provide it. I am sure that the irate MEPs will also be able to do that. I am certainly confused and, like Keith Raffan, I cannot bring myself to support the proposal as it stands.

Gordon Jackson: Is there a form of words that could cover our backs in that it would not sign us up to something we do not know about? Perhaps we could say—based on the convener's report—that we agree that this is potentially an issue of great concern and write to the Executive to seek its views and ask what efforts it is making along with the UK Government to ensure that no directive that is harmful to the interests of the jewellery trade in Scotland is brought forward. We would be asking the Executive to give us a promise that it is not doing anything harmful and to tell us what it is doing, rather than asking for an undertaking that no directive will be made. We would get information back on that, and we would have covered our back by saying, "Make sure nothing harmful happens," but would not have tied ourselves to a directive that none of us has seen.

The Convener: I am sympathetic to that viewpoint.

Irene Oldfather: I am a little bit concerned about the language of the recommendation that we agree

"that this is potentially an issue of great concern".

The tabloid press loves to pick up such comments and run with them. Enough Euromyths are already circulating—about straight bananas, for example—without our adding to them.

It is important to be alert to such matters and to seek the correct information, but we should not jump in where angels fear to tread. We know that the directive is as yet unpublished. My understanding is that it is not yet out of the Council working group—it is still early days. We should not say that it is an issue of great concern and stir things up when we do not know what the terms of the directive will be.

It is important for us to be alert to the directive and to keep an eye on it, but I am not happy with the wording of the recommendation.

The Convener: I will draw the discussion to a close. We will take out “great” and follow Gordon Jackson’s suggestion but say “this is potentially an issue of concern”. We will explore the issue with the Executive to find out whether it is aware of it.

Gordon Jackson: It is a suggestion. It does not tie us down.

The Convener: We might wish to wait until we have heard back from the Executive before we discuss appointing a reporter, which is always an option. In the meantime, we will get more information on the directive.

Phil Gallie: I did not pick up all Irene Oldfather’s comments. I apologise for that. The fact is that there is a proposal in the Italian presidency’s statement of intent. We know that the jewellery industry has grave concerns. I am happy that we try to find out what the proposal is. We should leave no stone unturned to ensure that we have early notification of what is included in the Italian presidency’s proposal.

The Convener: Are we happy to write on that basis?

Members indicated agreement.

The Convener: The next item in the convener’s report was raised at the European members information liaison exchange—EMILE—network which is the body that MEPs, local authorities, ministers and the committee can attend to discuss common agendas. At the most recent meeting, one Labour member of the European Parliament raised the potential concern—I will not use the word “great”—about the European Commission’s internal market strategy and its impact on the ownership of Scotland’s water sector. There is talk in the European Commission of seeking to modernise the water industries in Europe and consider a greater input for private investment. Some people are concerned that the matter be brought to the committee’s attention. If there are no comments, are members happy to agree the recommendation, which is to write to find out whether the Executive has any concerns about the matter?

Members indicated agreement.

The Convener: That was smooth. The final item in the convener’s report is the implementation of the waste electrical and electronic equipment directive and the reuse of printer cartridges. The matter should be brought to the committee’s attention because the UK authorities are soon to implement a directive. In a private exchange that I had with the minister—it was not in my role as the convener, but I nonetheless wanted to make the committee aware of it—I received a reply from the Executive indicating that it had not decided whether this major directive would be implemented in a Scottish context or a UK context. The Executive is still busy trying to work that out. I thought that it was an interesting issue to bring to the committee’s attention, as the Executive has not decided whether the directive is relevant specifically to Scotland or whether it should be implemented in a different way in Scotland.

The side issue of the reuse of printer cartridges was brought to my attention by some organisations in the printer-recycling sector—the small shops in our high streets that recycle printer cartridges. They are concerned that if printer cartridges are not deemed to be waste, they will not have to be recycled. The bigger manufacturers would prefer the cartridges not to be deemed waste, as they do not like having to recycle them. However, that would put the smaller shops out of business. That is a potted background. Do members have any comments?

Mr Raffan: You wrote to the minister asking for more information on whether the directive should be approached through Scottish regulations or UK regulations. In his letter to you, the minister replied that the Executive will make a decision and publish proposals on that later in the year. Could we not just wait for that and ask the Executive to let us have copies of its proposals when they are produced?

The Convener: Is there any scope for the committee to look into the way in which the Executive arrives at such decisions? That is something that we have discussed in the past in the context of such issues.

Gordon Jackson: The Executive will suggest that we do as Keith Raffan has suggested anyway. However, there might be something to be said for asking for an answer to be given to the committee, rather than simply having an answer given to Richard Lochhead as an individual member. We will get the same answer. All that we have had so far is an answer that was given to the convener in a previous capacity.

Mr Raffan: We could also ask how the Executive has reached a decision on whatever proposal it makes.

Gordon Jackson: Putting the matter on the committee's agenda might not be a bad thing. I have no objection to the convener writing to the Executive about it.

The Convener: Is the committee content with that?

Members *indicated agreement.*

Sift

16:16

The Convener: The final agenda item is our good friend, the sift. The issue of the sift was discussed at some length at the committee's away day, a week to 10 days ago. A paper on it will be produced by the clerks in the near future. It is a complicated issue and we must work out new mechanisms to achieve our objectives. At the away day, several members had different views on how best we might sift the EU legislation that comes before the committee.

Do members have any comments on the legislation that has been brought to our attention in today's sift?

Phil Gallie: I spent some time going through the sift document and kept picking up things that I felt sure would be of great interest. However, I am a bit concerned about the likely content of those papers. One of the things that annoyed me was the fact that I kept coming across the same paper on various pages, as papers are allocated on a committee basis. I suggest that there might be some advantage in having a sift paper that simply lists the items from one to 214—or however many items there are—with the committee column used to allocate a committee to each item as the list progresses. That would save quite a lot of paper, for a start. It would probably also make easier reading for the members. Individual committee lists could still be produced for the committees, but we would be able to make fairly swift judgments on the contents of the papers.

The Convener: I am happy to take that on board. I remind members that, at the away day, all members of the committee were invited to submit any ideas that they had directly to the clerks, who are preparing a paper.

Phil Gallie: Do any other members feel as I do when they go through the sift document? Does anyone else have difficulties in dealing with it?

The Convener: I will allow members to speak if they wish, but at the away day we expressed our concerns over the way in which the sift process is handled, given the amount of work that it involves and the need to prioritise.

Mr Home Robertson: A typical example of the difficulties that we face is the fact that we are given a 24-page document—albeit containing many repetitions—outlining the titles of various documents. It takes long enough to read the headings, never mind the actual documents. Most of the papers are probably very worthy, although there will be a certain amount of dross, and buried

among the mass of papers there could well be something that could spell difficulties for some sector—large or small—somewhere in Scotland. We must devise a system for identifying such things early on and ensuring that the people who are affected are consulted. The committee and the Executive can then have their input to make the best of a difficult job. That is our big task. However, we cannot do that as individual members. We depend on specialists, the clerks and interested parties and businesses to spot that stuff early on. We must find a better system.

The Convener: I thank members for their comments and remind the committee that this agenda item is the sift document that is before us. We can delve further into the issue of the sift process when we receive the paper on the matter from the clerks. Stephen Imrie has a point to make.

Stephen Imrie: It is just a minor point. One of the reforms to the sift paper that the clerks are going to suggest is exactly what Mr Home Robertson is suggesting. It should be possible to identify which documents, out of the 24 pages of documents, could be considered of special importance, although there is obviously a question mark over the criteria that would be used to identify documents of special importance—perhaps such documents would be green or white papers. Members discussed several ideas at the away day, and it is my intention to put those—plus any other comments that members have on the sift paper—together in the paper that we will produce for the committee.

The Convener: Thank you, Stephen. Before closing the meeting, I place on record the fact that Margaret Ewing submitted her apologies during the course of the meeting. The next meeting will be on 23 September at 2 pm in committee room 1. If members could remain behind for a couple of minutes to discuss some housekeeping issues, I would be grateful.

Meeting closed at 16:21.

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