

EUROPEAN AND EXTERNAL RELATIONS COMMITTEE

Tuesday 2 December 2003
(*Afternoon*)

Session 2

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EUROPEAN AND EXTERNAL RELATIONS COMMITTEE

8th 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

Ms Wendy Alexander (Paisley North) (Lab)
Murdo Fraser (Mid Scotland and Fife) (Con)
*Nora Radcliffe (Gordon) (LD)
Nicola Sturgeon (Glasgow) (SNP)

*attended

THE FOLLOWING ALSO ATTENDED:

Mr Ted Brocklebank (Mid Scotland and Fife) (Con)
Mr Jamie McGrigor (Highlands and Islands) (Con)

THE FOLLOWING GAVE EVIDENCE:

Ross Finnie (Minister for Environment and Rural Development)

CLERK TO THE COMMITTEE

Stephen Imrie

ASSISTANT CLERKS

Nick Hawthorne
David Simpson

LOCATION

Committee Room 2

Scottish Parliament

European and External Relations Committee

Tuesday 2 December 2003

(Afternoon)

[THE CONVENER *opened the meeting at 14:03*]

Fisheries (Pre-council Briefing)

The Convener (Richard Lochhead): Welcome, everyone, to the eighth meeting this session of the European and External Relations Committee. We have one apology today—Keith Raffan is, I understand, recovering from an operation in hospital. I know that we all want to send him our best wishes. I hope that he will be back with us before not too long. I also welcome Ted Brocklebank, who is a visiting MSP, and Nora Radcliffe, who is substituting for Keith Raffan on the committee today.

The first item is our pre-council briefing by the Scottish Executive on the December agriculture and fisheries council. I am delighted to welcome to the committee Ross Finnie, the Minister for Environment and Rural Development, and his colleagues, whom, no doubt, he will introduce. The committee agreed to ask the minister to come before us to give evidence prior to the December council, particularly in view of the impact of last year's talks on Scotland's fishing communities.

I thank the minister for sending us a letter explaining why information relating to pre and post-council scrutiny has not been made available in the past to the committee. There have been some difficulties. We have had a letter of apology from the minister, for which I thank him. I am sure that he appreciates how important it is that we have the information on a timely basis so that we can fulfil our scrutiny role to the best of our abilities.

The minister will make some opening remarks, after which we will have about an hour to ask questions. We will play it by ear.

The Minister for Environment and Rural Development (Ross Finnie): I am pleased to be here. I will introduce my supporting team. Dr Paul Brady is the head of fisheries in the Scottish Executive Environment and Rural Affairs Department and he is accompanied by two members of the sea fisheries division, Sue Spencer and Andrew Watson.

As you said, convener, the forthcoming December talks are important. As the committee

will probably be aware, we are requesting through the parliamentary authorities a full debate on fisheries next Wednesday in the chamber—provided that the Parliament approves that business, the debate will take place. The meeting today provides me with an opportunity to update the committee on some of the developments, to take members through what I think are the emerging key issues that will be discussed and to comment on the third-party fishery agreements and on the proposals and progress on regional advisory councils, which are important elements, too.

First, let me give you a flavour of where I think the agenda is developing. The European Commission continues to seek the adoption of a long-term management arrangement that will provide for the future sustainability of Community stocks and the industries that they support. That is an agenda to which I fully subscribe. The Commission has made it clear that it is seeking in December to get broad agreement to the principles of such an arrangement, which is in no way to suggest that that arrangement can be adopted or implemented this year. It is fully recognised that any longer-term plan would not be capable of implementation until January 2005, but the Commission is anxious to get some agreement on principles so that people can work throughout next year to put us in a position to be able to adopt a longer-term plan for the following January. Throughout the Community, it is increasingly recognised that stock recovery is a long-term process that requires long-term solutions and that fisheries management requires to be put on a rather different footing. The process is not straightforward, but we are committed to delivering it.

Following last year's revisions, the Commission and member states have been seeking to turn their statements into action. The Commission's proposals on regional advisory councils represent further progress—I will touch on that matter later. There have also been discussions on how best to deal with discards and on how to improve technical conservation measures. All that will move up a gear in 2004. Following last year's arrangements, 2004 will also be the final year of Community subsidies for new-build vessels. It is clear that the control and enforcement agenda has continued to progress, with improved and more transparent standards to be applied throughout the Community. Full implementation of those programmes and initiatives will be part of the agenda, but perhaps not the focal point.

The Commission's shorter-term objective is to establish arrangements for 2004 that reflect the need for an immediate response to the latest scientific advice, while trying to support the longer-term agenda. The shorter-term objectives will

focus on two linked issues. First, the appropriate total allowable catches for 2004 must be agreed for all regulated stocks. Secondly, given that the Commission is setting out a proposal for a longer-term plan, it will look to replace the current annex XVII measures, which were put in place last December. More widely, this December will also see the completion of negotiations between the Community and third-party countries such as Norway on the management of shared stocks and the exchange of fishing opportunities. Crucially, the outcome of those negotiations is linked to the Community TACs and quotas that are to be agreed.

We continue actively to promote Scottish views and ideas. Throughout the year, an enormous amount of work goes into the preparations for the talks. I meet groups all year, but as part of my preparations for the December meeting I have made a point of visiting a number of ports—as the convener is aware, I was in Aberdeen yesterday. I have also met Commissioner Franz Fischler and had bilateral meetings with Dutch and Danish counterparts to ensure that we keep in touch with developments.

The committee will have studied the latest reports from the International Council for the Exploration of the Sea on the conditions of the various stocks. The reports underpin decisions about how fishing is to be managed. As members will have observed, the reports show positive trends and areas of continuing concern. After the science has been understood and interpreted, choices must be made about how best to act on the advice. Helpfully, this year's advice is broader than last year's was and the geographic focus is much improved. Last year's reports appeared to concentrate on the northern North sea—although ICES protested that that was not the case—but this time more importance is given to the management of plaice and sand eel stocks, which has introduced a greater geographic balance.

The advice on the white-fish sector is mixed. Yet again, ICES recommends a top-line cod catch of zero. Despite the tentative signs of improvement in the North sea stock—which are commensurate with our efforts—the stock remains outwith its biologically safe limits. ICES has presented, under one banner, this year's advice for all stocks that are taken in the mixed fishery. The advice is that fishing for those stocks should be allowed only if it can be done without catching cod. Some stocks, such as haddock and nephrops, are in good condition and could be fished sustainably, were cod not a consideration.

The challenge with white fish is to find an appropriate course to steer between the recommendation on the mixed fishery that no cod should be caught at all and the assessment that

several individual stocks could be fished safely if no cod catches were involved. We continue to prosecute our arguments in the technical committees in the lead-up to the talks. I am pleased that Franz Fischler, despite his public statement, has recognised that a moratorium on a series of fish stocks is simply not possible. We are working on ways in which stocks such as haddock and nephrops can be fished sustainably and profitably without prejudicing the recovery of cod stocks.

The advice for the pelagic sector is much more positive. Herring and mackerel stocks are generally healthy, which will be reflected in the TACs for 2004, ensuring a steady future for that sector. Once again, sustainability is important.

Questions have been raised, at the technical level and others, about the ICES advice. I am sure that the committee has studied that matter carefully. It has been suggested that the ICES advice does not properly take account of climate change, but I am bound to say that that is simply not true. The accompanying documents and associated research—not only from our marine laboratory in Aberdeen—acknowledge that the northern North sea is warming up. However, the research makes it clear that there is no evidence to support the idea that cod are simply moving north into Faeroese or Norwegian grounds. Reports from those countries and their scientists say that the populations there have not been enhanced by incomers from the North sea.

14:15

As part of the agreements that are negotiated by the European Union, we have talks with Norway, Greenland and the Faeroese. The stocks that we share with those countries are cod, mackerel, herring and whiting, which are of considerable importance to our fisheries' overall catching opportunities. The agreements provide for the exchange of valuable opportunities. We have good relations with those countries and I highlight the fact that, for the first time, Scottish boats have the opportunity to apply for licences to fish species such as squid and shellfish on an experimental basis in Greenland waters. The advantage of having such agreements within the EU is that five of the 10 experimental licences are available to Scottish vessels. The EU-Norway agreement is not yet concluded. However, the negotiations will carry on through to the parallel negotiations of the December council. Good progress is being made and the negotiations have so far been very positive.

The Commission made progress last year on the matter of regional advisory councils and it recently provided the detailed arrangements. The North Sea Commission Fisheries Partnership has done

a great deal of preparatory work, bringing together local authorities, the industry and other stakeholders to explore mechanisms for co-operation. The shadow North sea RAC had its first meeting recently and reports of yesterday's meeting of the North East Scotland Fisheries Development Partnership, which I attended, told of good progress. The Executive continues to believe that the early establishment of effective RACs holds the key to further regionalisation of fisheries management in the EU.

Those are what I believe to be the main issues. Some are perhaps more peripheral than others, although all are important for the big picture of how we manage the North sea fisheries. We will continue to prosecute our interests in some detail, as we have been doing over the past few weeks. Our objective will be to obtain a settlement that is equitable—in that it recognises the scientific advice—and that seeks to secure a sustainable fishery and fishing industry in Scotland.

The Convener: Thank you. I will kick off the questions. Members will recall that, following last year's talks, you described the outcome as crude and disappointing, among other things. To what extent do your tactics or preparation in the run-up to this year's talks differ from those of last year, if at all?

Ross Finnie: A number of things are different, and that includes more than just the preparations. Last year, on the eve of the December council, the Commission published its proposals. It had taken the rather narrow view, which had been expressed in the ICES report, that the whole focus of its attention was to be on the north North sea. It was pretty clear to other member states that sticking to that narrow interpretation would mean that, aside from slightly affecting the interests of the Danes and the Dutch, the real thrust of the proposals would hit the United Kingdom—Scotland in particular. We found ourselves, with other member states, saying, "This looks like a problem. It is too much for us." The other countries backed off and we were left in a difficult position as a consequence.

The first fundamental difference this year is that the ICES report is not framed in the same terms. It is much wider not only in its geographical coverage but in that it alerts the Commission to other species that merit conservation attention. The whole base on which we are proceeding is therefore far broader.

As far as our own preparations are concerned, we have been more thorough than last year, at a technical level, at a ministerial level and in the discussions that we have conducted with other member states. We are aware of the way in which the negotiations last year took the unfortunate turn that I have described. We are better prepared, but

the way in which the scientific advice has been written is also much more helpful and does not lend itself to the very narrow interpretation that the Commission put on it last year.

Irene Oldfather (Cunninghame South) (Lab):

Thank you for your presentation, minister. You said that the control and enforcement agenda was being addressed. Although I would not advocate believing everything that we read in the newspapers, I wonder whether you could comment on the fact that there have been reports about illegally landed catches of up to 50,000 tonnes and about over-quota landings and the misreporting of catches of another 20,000 tonnes, adding up to about 70,000 tonnes of cod being taken out of the North sea. I wonder whether we are spending perhaps too much time arguing about quotas when all those things are happening at the same time. Do you refute those figures? Do you have a view on the matter? What action will you take to ensure that, when quotas are set, we address that problem?

Ross Finnie: I share your view that we should not believe everything that we read in the newspapers. I find newspapers useful and helpful but I would not necessarily believe everything that I read in them. I do not recognise the aggregation of the numbers that some people have sought to draw from anecdotal evidence, which I think is the basis of those stories.

There are a number of separate but related issues. You did not mention, but I shall, the fact that the Commission has become concerned at various levels that the United Kingdom as a whole—and Scotland as part of the United Kingdom—is not able to enforce and supervise the common fisheries policy regulations as effectively as it might. Indeed, it has issued an infraction letter against the UK, which obviously falls on us.

The stories that appeared in the newspapers are most unfortunate. I think that they arise out of the mistaken view of a number of fishermen who, believing that the Commission was not listening and that it thought that there were not many fish, decided that it would be helpful if they were to provide evidence, or suggest anecdotally, that there were many more fish. They therefore felt that it would be appropriate for them to start talking up the black-fish stocks. I am bound to say that there has been an entirely negative reaction in the Commission and that the stories have not helped the argument at all.

The substance of the argument is how we control illegal fishing. Any form of quota management or TAC management is always difficult. From a Scottish perspective, we will be responding to the letter on infraction proceedings by listing a number of actions through which we believe we can tighten up on the current

arrangements for providing effective management and supervision of quotas. One of the things that we talked about last year, but have not brought into force, was the licensing of fish processors. That is a matter that we now wish to advance up our order of priorities.

We are talking about our response to the black-fish situation. Fisheries protection officers have the right to examine and take records of landings, but they also need to have a right of access and a right to records of where fish are being caught and purchased. Without both sides of that equation being met, it is difficult to come to any rational conclusion about discrepancies in the middle, although discrepancies in the middle are more likely than not to be a consequence of black-fish trading.

We take what the Commission has said seriously. We are aware that, in any system run by regulation and in the area of the North sea that we are trying to man, there will always be those who seek to circumvent regulation. However, we must proceed on the basis of the evidence of what is actually done by fisheries. We spend £14 million each year on fisheries protection. We have people onshore and people in boats and aircraft, who report a large number of incidents. We take criticisms seriously and we will introduce proposals to tighten up and improve the effectiveness of our controls.

Dennis Canavan (Falkirk West): Does the Scottish Executive have a view on whether it is possible for a member state to pull out of the common fisheries policy while retaining its membership of the European Union?

Ross Finnie: You will be aware of a recent letter that was written by the Department for Environment, Food and Rural Affairs, which makes it clear that it is possible—most things are—for a member state to withdraw from the common fisheries policy. However, any unilateral action taken by this country to amend the European Communities Act 1972, without the agreement of the other member states, would instantly place us in breach of our EC treaty obligations. It may be possible for us to do that—I am not denying that—but I cannot pretend that it would be possible for us to do it simply and at the stroke of a pen, without recognising that we would then enter into a whole raft of serious negotiations.

In pulling out of our treaty obligations in relation to the common fisheries policy, we would have to recognise the fact that a whole raft of Scotland's stocks are effectively managed jointly, through the EU's international treaties, with the Faeroese, the Icelanders, Greenland and Norway. Yes, we could pull out of the common fisheries policy, but the question would be what we would negotiate and put in its place that would give us the same

effective control. Theoretically, it is possible for us to pull out, but it would be entirely wrong to present that as a simple procedure that could be concluded quickly and without serious international negotiation. Self-evidently, the more we move away from our treaty obligations, the more other member states will question whether we are not just removing ourselves from our obligations under the CFP, but seeking a wholesale renegotiation of those treaty obligations.

Dennis Canavan: Would it be correct to say that the Scottish Executive has ruled out leaving the CFP because it considers that to be an unrealistic, non-feasible and undesirable option?

Ross Finnie: I would add a further criterion. My fundamental position is that we must look to see what would be in the best interests of Scottish fishing interests in the short, medium and longer terms. Over the past few years, while I have been in this job, we have had difficult negotiations in reasserting certain elements in the existing CFP. I am in absolutely no doubt that the longer-term future requires increased regionalisation of the fisheries management arrangements. Nevertheless, my conclusion and that of the Scottish Executive is that we are far more likely to achieve that goal within the framework of the EU than by coming out of it and then trying to renegotiate an arrangement for the management of joint stocks and completely separate arrangements for ourselves and the EU, taking into account the EU's treaty with the Norwegians, Greenland, the Faeroese and Iceland. That procedure would be fraught. We should instead have a clear objective for the management of those fisheries.

Dennis Canavan: Does it follow that the Scottish Executive's position is incompatible with Tavish Scott's position?

Ross Finnie: No.

Dennis Canavan: Why not?

Ross Finnie: I defy you to produce for me any statement by Tavish Scott asking that we come out of the European Union. You will find that nowhere and you will have heard it nowhere.

Dennis Canavan: Perhaps you should read *The Shetland Times*.

Ross Finnie: I have read all the newspapers. I repeat that Tavish Scott has at no time advocated our coming out of the European Union.

Mr John Home Robertson (East Lothian) (Lab): I am glad that you were able to clarify that. I was going to inquire whether all ministers and deputy ministers were signed up to the position that you have just outlined, but you have confirmed that they are. Thank you.

I hope that everybody on the committee and elsewhere will support the objectives that you have outlined regarding the need to manage fish stocks sustainably and the support that you have expressed for Franz Fischler's objective of achieving that. You have already drawn attention to the concern that he has expressed about the UK's inability to monitor, inspect and enforce.

I probably understand better than most committee members how difficult such matters can be. After all, you can set TACs, quotas and mesh sizes until you are blue in the face but, unless you can enforce the conservation measures, the whole thing is a waste of time. I recall from my days in the department that we were trying to put some extra resources into that area. How can we do things better and is Scotland particularly deficient in any aspects of enforcement and inspection?

14:30

Ross Finnie: One of the reasons why I am anxious that we and DEFRA should come together and put in a single submission to the Commission in advance of the December talks is to try to prevent the issue from dominating those discussions. I am also anxious that we address the specific criticisms that are laid out in the Commission's letter and table some positive proposals.

The question about the extent to which we should bring prosecutions has raised some difficulties. However, I have had preliminary discussions with the Lord Advocate on how we might marginally improve in that matter. The more central issue is finding technical measures that would give us the opportunity to close the loop, particularly with respect to onshore matters. Given this country's enormous coastline, neither I nor any of my officials is persuaded that spending vast sums of additional money at sea will necessarily produce huge results.

As you will recall, we installed satellite monitoring devices as part of the navigation equipment, which meant that they were very much in the control of individual skippers. That has not been the trend anywhere else, not even in countries outside the EU. As a result, one of our two main ideas is to go ahead with the proposal to fit tamper-proof satellite monitoring, because that would give us a better fix and handle on the exact position of individuals' vessels respective to their licences and quotas. Secondly, as I have said, we will introduce regulations on the licensing of processors to try to close the loop. Those two positive steps will be welcomed by the Commission. Indeed, I received that broad indication when I met the commissioner a week last Monday.

Mr Home Robertson: On satellite monitoring, I recall a fishing vessel that looked as though it was fishing on one side of the line. The satellite evidence then suggested that it passed through another fishing area. However, when the vessel landed and the catch was logged, the report said that the fish were all caught in the transit area rather than in the area where the vessel seemed to be fishing. For that reason, it was very difficult to bring a prosecution. How many prosecutions have you had in the past year and is the sort of incident that I have outlined still a difficulty?

Ross Finnie: It is still a difficulty. I should also say that there have been two dozen or so prosecutions.

We should look more closely at introducing administrative penalties. The Commission does not appear to understand—indeed, it holds a rather silly view about—the burden of proof that is properly required under Scots law. I take strong exception to any suggestion that the Commission has any locus to tell us how Scots law should be managed. Given the nature of some of the offences, we should consider administrative penalties. However, that will require careful thought and I am not about to commit myself to anything at the moment.

These issues are difficult. However, ensuring that the satellite monitoring equipment is switched on will help both our vessels and aircraft in their tasks. Secondly, having much better control on shore over both the processors and the landings would go a long way to giving the Scottish Fisheries Protection Agency the powers that it probably needs.

Mr Home Robertson: Finally, I want to return to the speech that Fischler made last month. He said:

"we cannot introduce a haddock box east of Scotland for the haddock fleet ... because it would be impossible to monitor such a box at present due to the serious shortcomings in the UK inspection system."

Can anything be done in the short term to satisfy the Commission so that such a proposal can be taken forward?

Ross Finnie: Franz Fischler is well known for taking a rather obdurate position in any negotiation. He likes to lay out his stall and then invite people to challenge him. I think that we have moved on since that speech, which was really just an attempt to say, "You're no on"—in Austrian. We have moved on from there. At a technical level, we have made quite a degree of progress in examining the huge volume of data that has been presented on the haddock and nephrops stock. Going back to the answer that I gave earlier, I would say that that is why I am anxious to table a letter both to state how seriously we take the issue

and, much more important, to set out two, three or four key steps that we could deliver on in the early part of next year to give some comfort to the Commission that we can deal adequately with enforcement.

Mrs Margaret Ewing (Moray) (SNP): Before I get on to my main question, I want to follow up on the response to John Home Robertson's question, in which you mentioned something about the possibility of licensing the processors. How on earth would that operate? Can you give me some advice as to how processors would be licensed, as that seems to me a very complex issue? As we all know, the processing industry has suffered quite severely as a result of the decline in fishing stocks and fish landings.

Ross Finnie: I mentioned registration of processors. The processors would not be authorised or permitted to buy and sell unless they were registered. I think that that would also give the SFPA rights of access to the records. People would have to be able to show the data on which they have been operating.

I think that the processors divide into perhaps not two camps but two areas: the smaller processors, and the medium and larger processors. We have to acknowledge that the processing sector reacted very professionally and very properly to the threat of a serious downturn in stock. Many processors entered into medium and longer-term contracts to import fish.

The processors had an example available to them because, as you will recall, whereas some 60 per cent of Scotland's fish came direct from the sea, in England—with a population of 50 million—some 90 per cent of all fish requirements were imported. Therefore, it was not as if the Scottish fish processors had to reinvent the wheel. They had an example just over the border of how imported fish could be accessed. I think that many medium and larger processors—and some, although not all, small processors—have not suffered in anything like the way that they originally thought they would when the TACs were reduced last year.

I am bound to say that I think that the major processors with whom I have spoken would welcome such a move.

Mrs Ewing: Thank you. I am well aware of the importance of processors to employment and the economy in Scotland. Every time that I have paella in Spain or Mallorca, I am conscious of the fact that the prawns have probably come from Buckie, which is in my constituency.

In your opening remarks, you spoke about having a bilateral meeting with the Danes in preparation for the council. When Elliot Morley was present at the Rural Development Committee

earlier this year, he indicated that there was a concern about industrial fisheries. Denmark is seen as one of the key players in that type of fishery, which removes sprat, sand eels and pout, which are all terribly important for the cod and other fish in the North sea. About 1 million tonnes of potential cod food was removed, which could have an indirect effect. At the December 2002 council, a commitment was made to carry out further studies on the impact of industrial fishing. Has there been progress on that? Will the matter re-emerge at this month's council?

Ross Finnie: An element of the matter will re-emerge. Scientists have certainly looked at some of the industrial fisheries in a great deal more detail than they have done in the past. I think that ICES recommends a reduction in the TAC of sand eels.

Our discussions with the Danes centre on the fact that, while Scotland has some 70 per cent of the fishing opportunity for cod and haddock, 20 per cent of cod take-up is by the Danes, so Denmark is one of the few countries with which we have a serious mutual interest in how stocks are managed. Those talks get into difficulty, of course, when the Danes offer to be extremely sympathetic to our problems with bycatch from the haddock and nephrops catch, in the hope that we will be equally sympathetic over any bycatch that arises from their sand eel catch. A difficult balance has to be found.

The industrial fishery has come under a little more examination, although not as much as we would have wished, as we will continue to make clear. Clearly, sand eels are an important element in the food chain, but we should be careful about stating the extent of their importance. Scientific evidence, such as that rather charmingly described exercise, the year of the stomach, which was conducted in 1981 and 1991, suggests that North sea sand eels represent at most some 10 per cent of the total diet of North sea cod. I do not imply that Margaret Ewing was suggesting otherwise, but one or two people build up the sand eel stock as the critical factor, when in fact it is an important, but not the sole, factor. We continue to have a problem and I think that there will be some movement this year, which no doubt will be resisted. We will continue to make the case that the industrial fishery requires even more scientific attention than it has had this year.

Mrs Ewing: I remember your colleague Jim Wallace arguing strongly, many years ago, for protection for sand eels around Orkney and Shetland, so I understand the arguments that you are progressing. The committee would be very interested to hear an extensive report of your progress, if that were possible. The matter is regularly raised with me, as I live in a fishing

community, and I would like to know whether genuine progress can be made.

Ross Finnie: I would certainly be happy to report back to the committee.

Mr Jamie McGrigor (Highlands and Islands) (Con): The scientific evidence is that stocks of prawns and nephrops are healthy and that bycatch appears to be small. Bearing that in mind and the fact that a precautionary 10 per cent cut was applied to the sector some years ago, will you argue for a reversal of that cut and an increase in the prawn quota? If so, how much of an increase will you request and what do you expect to achieve?

Ross Finnie: I am happy to give as much information as I can to an important parliamentary committee but, with all due respect, I am not prepared to start bandying about numbers that would give away my negotiating hand, when it almost seems as if the European Commission has bugs picking up everything that we talk about.

According to ICES, the nephrops stock is in much better condition, as you rightly say. In association with our scientists, we have carried out a great deal of work on the question of the associated bycatch. The bycatch is not nil; in some areas it is low and in others it is as high as 9, 10 or 11 per cent, which are more awkward figures in the context of a conservation agenda.

However, we are working very hard and we have made it clear in our technical submissions to the Commission that we expect to have the opportunity to increase the TAC on last year. That will be dependent not only on our successfully arguing the generality that there appears to be a small bycatch but on our getting acceptance from other member states—at the technical level and at the Commission level—that we have adduced evidence to support that contention. We are well on the way to doing that, but I would not suggest for a minute that there will not be resistance, particularly in relation to those areas where the bycatch is above 5, 6 or 7 per cent. There are areas where it is genuinely very low.

14:45

Phil Gallie (South of Scotland) (Con): Last year, you expressed disappointment about the results of the negotiations. One of the key measures that you used to address that disappointment was the introduction of the decommissioning scheme, and a fair old sum of money was made available for that. How much of that decommissioning fund has been spent? What is the current state of the coffers, and why does the scheme seem to have been abandoned or frozen?

Ross Finnie: The scheme has certainly not been abandoned or frozen, and we did not necessarily introduce it as a result of some of the worst elements of what happened last year. We genuinely believed, and continue to believe, that the total number of vessels prosecuting the white-fish fishery was not sustainable, given the total amount of catch in the North sea. In introducing the scheme, we said two things: first, that up to £40 million would be available; and, secondly, that we would seek to decommission 15 per cent or more of those vessels whose track record indicated a preponderance of white-fish effort, particularly cod. The scheme operated by ranking every Scottish vessel by the extent to which it was committed to, or had a track record of, catching cod. Vessels were offered the prospect of decommissioning in rank order.

There is no doubt that, after the summer, if every vessel that had been made an offer had accepted that offer, we would have decommissioned more than 15 per cent and we would have spent nearly £40 million. As it turned out, during and immediately after the summer months, a quite substantial number of vessels decided not to take up those offers, so we continued down the list, picking up vessels that still had a substantial contribution to make to cod effort.

However, around the end of October and the beginning of November, it became clear that with vessels in the middle rank having decided not to take up the offer, there was a real danger, if we continued to go down the list, that we would decommission vessels that had some track record in cod but whose preponderance of effort was in other species. We would, indeed, start to move into boats that are more associated with nephrops. At that stage, therefore, given that I could take out about 15 per cent if everyone accepted the offer, we drew a line.

According to the latest figures, we have spent about £31 million. It might be a bit more than that, because there are some negotiations on vessels still to be sorted out. I do not know quite what the precise figure is, but if everyone accepts the offers, it will be about 66 vessels and we will have taken out some 14 per cent of our effort in cod. It seems to me that we have to be nimble; if we had simply allowed the scheme to go on, we would have run the risk of taking out vessels whose preponderance of effort was demonstrably not on cod but on other species.

Phil Gallie: Perhaps I was mistaken, minister. I recognise the importance of trying to take out the cod vessels, but I thought that the programme was designed in part to help those in the industry. Certainly, the nephrops industry has been hit to some degree because people who were catching

white fish are now catching nephrops. That was evident three weeks ago when a vessel from the north-east that was catching nephrops to take to Spain sank somewhere off St Kilda. You have suggested that the skippers of nephrops vessels who genuinely made applications and were encouraged to a degree by your department have been told that there is nothing in the kitty for them.

Ross Finnie: The prime objective of the decommissioning scheme was to take between 15 per cent and 20 per cent of the cod fishing effort out of the equation, which we are close to doing. In any sector, there are businesses—and a fishing boat is a business—that are under pressure. However, there was no real pressure relating to that sector. Nor, indeed, given the state of the stock, was there any pressure on us to reduce the quantum of the effort.

We cannot work in isolation. Our longer-term goal of having a number of vessels that are capable of earning a living from the white-fish fishery will be helped by the fact that decommissioning will result in our having a slightly smaller fleet prosecuting that fishery. However, it is not a question of turning effort away. If we had told Parliament that we were going to make substantial reductions and that we were going to rank vessels on the basis that they were in the nephrops fishery, that would have been a different proposition. I do not think that that is what we put to Parliament. We proposed to Parliament an attempt to take between 15 and 20 per cent of the cod fishing effort out of the equation. We are close to achieving that and I do not want to take out unnecessarily vessels that do not really qualify.

Phil Gallie: I will follow that up on another occasion.

I am not all that well equipped to deal with issues relating to the north North sea. Could you advise me what fleets currently have access to fishing in the north North sea? Will other EU nations be given access in the foreseeable future? If so, is there a time scale for that?

Ross Finnie: The notion that there is free access to fishing in that area is not true. The fisheries that we prosecute—other than the unregulated fisheries—can be accessed only by people who have a licence. All EU countries can claim that they have a right of access, but their vessels cannot get access unless they have a licence and an entitlement to quota.

Phil Gallie: Will the licensing regime change in the foreseeable future?

Ross Finnie: There is nothing on the table or in contemplation that would change the situation. At the top level of our consideration is the concept of relative stability, which applies regardless of the level of quota that is set in any year. For example,

Scotland and the UK will get 70 per cent of the main white-fish fisheries. In order to get access to that quota, someone would have to buy it from a Scottish fisherman or another UK national. They would also have to demonstrate that they would continue to have an association with a UK port. Although there is no denying that overseas vessels have acquired access to quota and have met that obligation, they make up an extremely small percentage of the vessels. The notion that there is a vast transfer of Scottish quota overseas is not supported by the evidence.

Mrs Ewing: I want to follow up on the points that Phil Gallie raised on decommissioning. As you pointed out, you have an underspend and you still have people on the list. What will happen to that underspend if other people do not take up the decommissioning package? Will it be used to help the onshore side of the industry and will that include rates relief for fish processors? How much has been paid out in rates relief to fish processors?

Ross Finnie: I met the fish processors last week for the umpteenth time. The issue of paying rates relief is quite clear: we expressly provided something in the order of £1.8 million—we drew it into the local government budget line—on the basis that it was highly likely, given the evidence, that fish processors would get into difficulties. However, that was not an open-ended measure. We were telling people that they had to demonstrate that they had made a profit two years ago and last year but that this year there had been a loss and they had suffered a drop in business.

Many businesses applied to many local authorities and a number of small processors will get rates relief. However, the local authorities most affected assure me that if a fish processor is not being awarded rates relief, it is because they have been unable to demonstrate any real loss this year. That goes back to the point that I made to Margaret Ewing earlier that the fish processors have, by good business acumen and planning, been able to import quantities of fish that have buffered greatly the impact of the downturn in TACs and quotas this year.

On surplus funds, I will have to await the outcome of this year's negotiations, because, as I indicated in my opening remarks, although I think we are in for a difficult negotiation, I hope that we will get some amelioration of the quotas in both haddock and nephrops. Although the days-at-sea regime has been uncomfortable for the industry, the 50 per cent reduction in the TACs for cod, haddock and whiting and the rollover in nephrops have been just as bad for their net income. Until I see the equation, I am not in a position to assess the impact of this year's negotiations.

The Convener: The viability of the fishing fleet after the end of the month will be dependent on there being enough quota and days at sea. What steps can you take, or have you been taking, to ensure that the quota that was attached to the skippers who decommissioned is enjoyed by the remaining active boats in the fleet? I understand that the European Commission wants to change the days-at-sea scheme to a days-in-port scheme, which is likely to disadvantage the Scots fleet. Do you support or oppose that proposal?

Ross Finnie: You are well aware that the quota issue is fraught. As part of the arrangements, Governments originally issued quota to the industry for no consideration. Therefore, many have suggested to us throughout the year that in addition to decommissioning we should be paying for quota. I am bound to say that the notion that a Government that has given out quota for free should pay for it on the way back is not something that the ordinary citizen would readily understand. The situation becomes more complicated than that, because quota has become a tradable commodity within the industry. That makes things difficult. I liked your phrase, convener, that quota should be available for the enjoyment of the others. That almost implies a philanthropic view among those who have it.

There are issues with the regulations that govern the producer organisations and their ability to manage quotas. The meetings that I attended yesterday and last week indicated that we will have to continue to examine that fraught issue. Members know that some banks now believe that there is a title attachment to quotas and are trying to exercise that, notwithstanding the fact that it is very difficult for them to prove that they have it. However, we are advised that if we try to expropriate quota and distribute it, we will fall foul of the European convention on human rights. We continue to examine the regulations and practical ways of proceeding. However, by getting itself into a trading situation the industry has created something that Government never intended. The industry is trading quota and using it as an asset.

You also asked about the disadvantage associated with the days-at-sea and days-in-port regime. Theoretically, the change could not disadvantage anyone. It does not matter how people calculate their 15 days—that is all that they have. If they are disadvantaged, they must not be taking their 15 days.

15:00

The Convener: For clarification, at the moment the days-at-sea scheme applies only to certain sectors of the sea and days spent outwith those sectors do not count as days at sea.

Ross Finnie: That is a different question. I am glad that you have clarified which question you wanted to ask. In theory, days at sea and days in port are two sides of the same coin. It may be easier to enforce a days-in-port scheme, because if someone is tied up in port, most of us can observe that.

To confuse us, the Commission now seems to be referring to annex 17 as annex 5. The Commission recognises that last year annex 17 was written in haste and contains a number of loopholes, and there is no doubt that it will press hard to have some of those loopholes closed. I am not prepared to be drawn into a negotiation that focuses solely on what will replace annex 17 and puts TACs and quotas somewhere else. The useful aspect of our meetings with the Dutch, the Danes and one or two other countries' representatives is that it has been made clear that we are all saying that we cannot do that and that there must be a balanced package. We must be prepared to examine both effort control and the allocation of TACs and quotas.

My view on any changes to the days-at-sea regime—although I do not want the number of days to be changed—will be affected hugely by how our case for dealing with the other issue that I have raised is treated. The negotiation will decide the exact shape of the package, but I will examine matters in the round and seek balance that I hope will give us a better fishing opportunity.

The Convener: Ted Brocklebank has been sitting patiently, so I invite him to ask the minister a question.

Mr Ted Brocklebank (Mid Scotland and Fife)
(Con): Ross Finnie would not expect me to accept his view that withdrawal from the CFP would necessarily be disadvantageous to the UK. I welcome his reiterating what is now the recognised legal position—that the UK alone has sovereignty over its waters. Whether we remain in the CFP or withdraw from it is a matter of political will.

I would much prefer to talk a little about the forthcoming negotiations. Specifically, I draw Mr Finnie's attention to the apparent criticism last year, which has continued throughout this year, that despite Mr Finnie's best efforts—there are some who are generous enough to say that Mr Finnie fought hard for the Scottish fishing industry—he was held back by the apparent lack of will of his UK colleague Mr Elliot Morley. This year, Mr Finnie is to be joined by a relatively inexperienced UK Government fisheries minister. Will Mr Finnie explain whether the tactics and emphasis that will be used by the negotiation team will be different this time?

Ross Finnie: First, I am not going to get into an argument with Mr Brocklebank. For him to interpret my remarks—that withdrawal from the CFP and the right to amend the European Communities Act 1972 would result in a country's being in breach of its treaty obligations—as meaning that one has absolute sovereignty over the issue requires an interesting definition of absolute sovereignty. If one is in breach of treaty, one has by definition obligations to other parties that must be resolved.

In terms of the negotiations, I suspect that the new English fisheries minister, Mr—

Mr Brocklebank: Mr Bradshaw.

Ross Finnie: Mr Bradshaw is no more or less inexperienced in the portfolio than your good self. I have no doubt that you, too, will be modest come the day.

I think I already explained in answer to an earlier question that there are a number of different scenarios. I cannot remember which member asked the question—perhaps it was Irene Oldfather, right at the outset. The fact is that the ICES advice this year is phrased in terms that do not leave it open to the interpretation that the sole focus of attention is on the north North sea. That, in my opinion, has had a material effect on our dealings with the other member states. They have been drawn into the same argument and cannot, as they did last year, simply sit back and say that they are awfully sorry that the way in which the ICES advice and the Commission's proposals are drawn means that the problem is all ours and that we have to deal with it. That is not possible. That changes the shape of the environment in which we operate and the backdrop against which we conduct our discussions with other member states.

That does not mean to say that the situation is not without its difficulties. As Margaret Ewing pointed out, it would be terribly nice to have a very good arrangement with the Danes. However, I am not about to buy lightly the suggestion that we adopt the Danes' support for a minimal bycatch in haddock and in nephrops because, at the same time, I would have to say that industrial fishing does not matter. Such things have to be addressed.

In terms of our approach, we are alive and alert to the potentially pernicious nature of the kind of recovery that we are discussing. However, we are not moving from acceptance of the broad thrust of the scientific advice, which is that we have a problem with cod stocks. It would be irresponsible for us not to recognise that there is a problem that has to be addressed. We are focused on how the problem should be addressed and we have done a lot of homework. Over the past few weeks, my officers have been in Brussels weekly. They have

participated in all of the technical discussions; the Scottish interest has, and continues to be, represented at all of those discussions. We are as well prepared as we can be for what will, given the cod situation, be difficult talks.

The Convener: I ask Ted Brocklebank to keep his question brief.

Mr Brocklebank: I will try to do so. I want to draw the minister out further on cod stocks. Notwithstanding your view that scientific evidence that suggests that cod are migrating because of climate change and so forth does not exist, the fact is that cod migrate. We seem to look back to a time—20 years ago—when cod stocks were in big supply here. However, the fact is that one of the places that cod appear to have gathered this summer is off the south coast of Ireland. They have moved to a different place. Some years ago, cod stocks moved from Canada. In your discussions this year—

The Convener: Can you ask a question?

Mr Brocklebank: Are you able to take cod out of the equation to some extent in your discussions and negotiations this year? We have seen evidence that cod can be taken in isolation and therefore left in isolation. Are you able to direct minds towards that view?

Ross Finnie: You repeatedly mentioned "fact" and "evidence": I would be happy for you to tell me what those are.

We have to be careful. ICES is a highly regarded international body of scientists, as the marine laboratory in Aberdeen is a very highly regarded body of marine scientists. It is interesting to note that the majority of scientists there are people who were born, bred and who live in Scotland and who have obtained degrees at varying levels in marine biology.

It is absolute nonsense to say that those people do not take account of cod migration, because they do. That is the point that I was making. If Ted Brocklebank reads the accompanying papers, he will see that although the ICES advice is on the specific stock assessment, it contains notes and references to the continuing work that is being done by scientists not just in Scotland, but in the ICES group. Those people take account of cod migration and are aware of that problem. Of course, there are people who can point to specific areas. However, the job of ICES is to consider the oceanscape as a whole, and it has come to the conclusion that the stocking biomass of cod in the four main areas in the North sea remains below its biologically safe limit. In today's climate, it would be irresponsible of us to ignore that advice.

Nora Radcliffe (Gordon) (LD): Will the minister say a bit more about the Commission's recent

proposal that there be six regional advisory councils? Will they be in the right geographical areas? What consultation has there been on them? What about the tensions between what seems to be being pursued in relation to the regional advisory councils and some of the recommendations of the intergovernmental conference?

Ross Finnie: The geographical areas are, broadly speaking, sensible. Certainly, the one in which we are interested—the North sea boundary—makes sense. The Executive, the Scottish Fishermen's Federation and others have taken seriously the need to get the regional advisory councils up and running as quickly as possible. The consultation document and the regulations that have been provided by the Commission suggest that the councils should be in place by 2004. The consultation on the councils is on-going.

Back in 2000-01, we were prosecuting for much more powerful councils, but people did not quite understand how they would work. The proposition that we must table at the fisheries council is for working RACs. We must get those up and running and we must demonstrate to the doubters that what we can do is concrete and is based on the experience of bringing together the fishermen, the scientists and the people who have to manage the stocks from day to day.

There are some question marks over the western waters area, which looks a bit large; however, we could tinker with that. I am encouraged that our own industry, scientists and communities are taking a positive view and recognising that we have a real opportunity to make the RACs work. I do not think that the parameters under which they are being set up go far enough, but we must learn to walk before we can run. If we can walk soon, we will be able to run towards the Commission and ask for more powers.

Dennis Canavan: My question is related to Nora Radcliffe's question. In the previous session, the European Committee recommended that the regional advisory councils be given formal delegated powers. I seem to recall that the Scottish Executive expressed some sympathy for that idea. However, there is an apparent conflict between that idea and the draft European Union constitution. Under the draft constitution, fisheries would be managed at Community level rather than at sub-Community level. What is the Scottish Executive's view on that potential conflict?

Ross Finnie: That is too narrow an interpretation. In 2001, we were very keen on the kind of powers that the European Committee subsequently recommended; however, Dennis Canavan will recall that there was, much earlier in

the discussions on the revisions to the common fisheries policy, agreement that no treaty change should be involved. As soon as that decision had been made, powers being given to the regional advisory councils was ruled out.

Things keep moving on, and there is a constant movement of interests. I think that there is within the Community increasing recognition that an opportunity might have been missed in relation to the RACs and that they need to be adopted. The power will still rest with the Council of Ministers, but with enlargement, we need to demonstrate that the RACs are a better way in which to proceed with fisheries management. At the moment, the only people who have to sit on their hands during the fisheries council are the members from Austria and Luxembourg. The number of members who do that will increase substantially.

Given what has happened in the north North sea in the past year, there has already been movement in that direction. People are saying, "That is interesting, but I do not quite understand the problem in the north North sea, because it does not affect my country." From a constitutional point of view, I think that that will not be the impediment; it will be a question of showing that the proposed mechanism can work and that it would be better than the current fisheries council arrangement. That is why the RACs are terribly important. We will invest a great deal of time and effort in making them work so that we can present a practical model, rather than a theory, of what could be used.

15:15

Dennis Canavan: Does the Executive accept that the RACs will be purely advisory?

Ross Finnie: We cannot do otherwise, because that is the way in which they were set up. We have known that since about 2001, when the Council decided not to incorporate a treaty change, which was slightly before my attendance at the fisheries negotiations. As soon as that decision was taken, there was no prospect of the RACs' being anything other than advisory first time round.

Phil Gallie: The question that I had was basically the same as that asked by Dennis Canavan and Nora Radcliffe. I want to pick up on the fact that the minister has used the phrase "I think" several times in relation to how he sees the effects on fisheries policy under the constitution. I would have preferred him to have used the phrase, "I know that that is not the intention," and I would like a guarantee on that. It seems that the CFP has been totally incorporated in the constitution in a way that does not reflect the current position.

Ross Finnie: Change in fisheries policy will still have to be effected through the Council of Ministers making such a recommendation; the constitutional framework will still be the Council of Ministers. If the Council is given a proposition that works, and it is clear that that proposition is capable of being replicated throughout the member states that have serious fishing interests, I do not think that there is any way in which that proposition would not become the prevailing view.

As Phil Gallie knows, almost no other aspect of Commission or Community business is taken out of the Council. That might be what is wrong at the moment. There is almost an in-built reaction to any proposal to move matters outwith the Council of Ministers. We are more likely to achieve that by producing a practical example of how the system would work through the RACs than by simply arguing about the theory of such a system.

As far as our competence is concerned, I do not think that the constitutional change will make any practical difference—in spite of what it enshrines in words—to the way in which fisheries management has been conducted since the onset of the CFP.

Mr Alasdair Morrison (Western Isles) (Lab): I apologise for my late arrival.

At the outset, I want to wish Ross Finnie and Ben Bradshaw the very best for the forthcoming negotiations. A good deal for our fish stocks would be a good deal for our fishermen and processors and the communities within which they live.

I am sure that the minister will have responded to the point that I am about to make. Will you describe the hotch-potch of a deal with which you would come home if you adopted at the forthcoming negotiations the policies that the Scottish National Party and the Tory party have outlined in recent weeks?

Ross Finnie: I am not sure what would be put forward. A Conservative or SNP spokesman would say that they want to leave the CFP, but that would mean that they would play no part in December's talks, because December's talks would not even begin to contemplate that. When I was in Brussels last weekend, the interesting view had been expressed in the week before that although everyone is entitled to their political view—that is all part of democracy—that view might not be especially relevant to the important December talks.

Mr Home Robertson: I remember a phenomenally tedious negotiation that took place in the middle of the night about anchovies in the Bay of Biscay. Most members would have been only too happy if a regional committee for the Bay of Biscay had existed a few years ago.

My question arises from the minister's reply to Phil Gallie to explain who has access to what. The minister gave a proviso about areas that the CFP does not cover and which are unregulated. Is the minister concerned about exploitation of deepwater species outside Community waters, in the north-east Atlantic for example? Is any progress being made towards protecting those species?

Ross Finnie: The simple answer is yes and no. We are concerned about the matter. We were among the nations—we did not constitute anywhere near a majority—that were keen to end the system in relation to non-regulated species outside our waters and in the area to which Mr Home Robertson refers. That was not because I want to impose great burdens of regulation, but because I was keen to achieve greater equity.

When the scientific evidence suggests that a stock is not necessarily below its biological safe limit, but is in decline, people look for and exploit unregulated species in a way that is inconsistent with good conservation management. To have everything at least under the broad umbrella of a serious attempt at conservation management, in whatever guise, seems to me, to the Scottish Executive and to the UK Government to be a much more sensible arrangement.

The Convener: We asked Ben Bradshaw to attend the meeting but, unfortunately, he could not make it. Do we have an assurance that your views on the approach to December's talks are at one with those of the UK minister?

Ross Finnie: Absolutely.

The Convener: I thank Ross Finnie and his officials for attending the meeting to give us our pre-council briefing. We shall be in touch about the post-council briefing in due course.

The committee will have a five-minute comfort break. We will return at half past 3 for what I hope will be the final 30 minutes of the meeting.

15:22

Meeting suspended.

15:29

On resuming—

Scottish Executive (Scrutiny)

The Convener: The second agenda item is pre and post-council scrutiny. I hope that members have had a chance to look at the papers, which outline forthcoming and previous councils. We have just taken evidence on the forthcoming agriculture and fisheries council, so members have had a chance to comment on it, but I invite other comments on the papers that are before us.

Phil Gallie: I have comments about a number of pages. The first is about page 5.

The Convener: That is on the agriculture and fisheries council. Am I looking at the right papers?

Phil Gallie: It is page 5 of the pre and post-council briefing paper. Is that the document that we are talking about?

The Convener: Yes.

Phil Gallie: I am looking at the comments on welfare of animals during transport, which are in the section on agriculture. I refer members to the convener's letter to the Scottish Executive, which is later in our briefing papers and which asks the Executive to detail its position on animal welfare. I presume that there has been no response to that letter.

The Convener: We have had no response. I mentioned, when the Minister for Environment and Rural Development was here, the lack of information for the committee, which we are not happy about, that has been forthcoming to the committee. He sent us a letter to apologise for that lack of information and has promised to ensure that we receive information to help us with our pre and post-council scrutiny. The issue that Phil Gallie raised is an example on which we await information.

Phil Gallie: Okay. On page 12, there is a comment about the excessive deficit procedure for France. I read recently in the press that the European Central Bank seems to be making no movement with respect to discrepancies in financial arrangements in France and Germany. Can we highlight that issue, which gives some cause for concern, given that the situation might rebound on the Scottish economy?

The Convener: What is your suggestion?

Phil Gallie: I suggest that we highlight the issue to the Scottish Executive and say that we are most concerned that major countries in Europe seem to be bucking financial trends. We should ask the Executive whether it is concerned and what

representations it will make to Westminster on the issue.

The Convener: Does anyone object to—or agree with—Phil Gallie's suggestion?

Irene Oldfather: I do not have a particular objection, but the matter is reserved. I am surprised that Phil Gallie has raised the issue, because it is about the Commission and internal arrangements in France and other countries. I do not have enough information to—

Phil Gallie: I am not asking you, Irene; I want to ask the Scottish Executive and Westminster about their concerns.

Irene Oldfather: As I said, the matter is reserved. I imagine that we pay our Scottish colleagues at Westminster to consider such issues.

Mr Home Robertson: Leave the matter to Sandra Osborne; she is good at that sort of thing.

Phil Gallie: The situation might have budgetary effects in Scotland in the longer term, which is the element about which I am concerned. If Irene Oldfather is not concerned about Scottish budgets and resources for Scotland, that is up to her.

Irene Oldfather: Obviously, I am always concerned about those issues, but I have lost the link between the issue that Phil Gallie raises and the Scottish budget settlement. I do not follow the logic, but perhaps Phil Gallie has information that I do not have. If he shares it, I might support him.

Phil Gallie: I will try to explain. My concern is that the economic interests of Scotland and the UK are bound to those of Europe through the European Union, irrespective of whether we are members of the euro.

On that basis, when our nearest neighbours buck the trend on the major financial unit in mainland Europe, it is bound to have some effect on us. In effect, if they are cheating on the standards there, it could well rebound on us here. I am asking whether the Scottish Executive has any concerns. Will the Scottish Executive talk to its Westminster colleagues about that? Does it have an input?

The Convener: We could easily write to the Executive. Another option that is open to Phil Gallie is to raise the matter as an MSP through parliamentary questions.

Phil Gallie: I would rather raise the matter as a member of this committee.

The Convener: Okay—I was just clarifying that.

Mr Home Robertson: If anyone has bucked the trend it is Britain by not joining the euro. The criteria that Phil Gallie is talking about are for the

euro zone, of which Britain is not part. I think Phil is being tongue in cheek.

Phil Gallie: Would I ever do such a thing, John?

Mr Home Robertson: He should not expect us to take him seriously.

The Convener: Are there any other comments?

Phil Gallie: Seriously, I would like to know whether the Scottish Executive has any concern about the way they are monkeying about with money across the channel.

The Convener: Ministers will be coming before us in the next few weeks. Would you like to use that opportunity to put that question to them?

Phil Gallie: Yes, if it keeps everybody happy.

The Convener: Thank you for playing ball. Did you have other issues that you wanted to raise?

Phil Gallie: Yes. The briefing paper refers to harmonisation of transparency requirements, which could have some effect on our financial services industry. I would be the first to admit that the financial services industry in recent times has flourished, and I would hate anything to damage the continuing progress that has been made in the industry in Scotland in particular. What do other members feel about the proposed directive? Do they see any dangers?

The Convener: Does the committee have any comments on harmonisation of transparency requirements, which is referred to on page 13 of the briefing paper? There are no other comments.

Phil Gallie: In that case, we could pass the issue to the Finance Committee and seek its views.

The Convener: That is an idea—I would be happy to ensure that the matter is drawn to the attention of the Finance Committee.

Phil Gallie: I would be interested to hear any comments that the Finance Committee makes.

Page 14 refers to victims of crime and the associated effects on Scotland of any decisions with respect to funding for compensation for victims of crime. I note that there are concerns throughout Europe about that, but my main concern has to be the effect on Scotland. We have a reasonable scheme at the moment, which others cannot match. Once again, from the notes it is hard to determine precisely what the effect would be overall, so I seek expert opinion. We are supposed to flag up issues that could be of concern. I do not know whether there are reasons for concern, but there is a reason for raising a query.

The Convener: That is an interesting issue. Are there any comments on that point, which is the

proposal for a Council directive on compensation for crime victims, which is referred to on page 14?

Mrs Ewing: The notes in front of us state:

“an analysis should be carried out during the Irish Presidency and it was clear that there was a financial problem for Member States which would need to be taken into account.”

I assume that that suggestion came from the Dáil or the Irish commissioner or Council representative, and means that the issue will be dealt with in much more detail in the next six months. We should not anticipate too much, but maybe we could ask the Irish consul general to keep us advised of any progress that is made.

The Convener: This is an important issue and I would be happy to drop a line to the Executive to ask whether there are any concerns.

Irene Oldfather: Obviously, there will be concerns about the financial impact of enlargement on the issue, but we are in the early stages. I am happy for the committee to be kept informed. To me, this is a reserved matter, but if the committee has an interest and wants to be kept informed, well—

The Convener: I am happy to drop a line. It is an important issue and being kept informed is part of our job.

Phil Gallie: On page 16 of the briefing paper, under the heading of “Chemicals Regulation”, it says that a working party is to be established. I would like to find out who, from Scotland and the United Kingdom, is liable to be on that working party. Will British, or Scottish, business and industry be represented? This could be another issue that will give business and industry difficulty in future if we do not keep a close eye on it and keep a close involvement.

The Convener: That is a fair comment and, unless there are objections, I am happy to take up Phil's point.

Phil Gallie: My next point may be just for the clerk. I notice on page 17 of the briefing paper that the minister has discussed the site of the international thermonuclear experimental reactor. I know very little about this, but I am quite sure that John Home Robertson will be interested in it. Can we obtain some more information?

Mr Home Robertson: Yes, please. As the member whose constituency contains Torness, I wanted to ask the clerk for information about the reactor. Furthermore, Irene Oldfather looks after Hunterston, or nearby, so we like to know about these things.

The Convener: You are attracting supportive comments, Phil.

Phil Gallie: Yes, and very welcome they are too.

The Convener: Right—we will take this forward on a cross-party, cross-country basis.

While we are discussing this paper, I would like to raise a point on the impact of aging on public finances—a point that arises from the economic and finance council of 4 November. I will quote from page 13 of the paper:

“the Executive remains alert to the problems of population decline, ageing, and changing population density across Scotland.”

In the letter that we are sending to the minister on other points, I would like us to ask for more information on that point. The paper suggests to me that the Executive has done some sort of research or has produced a paper, and it would be interesting to see that information.

Phil Gallie: A thought struck me when I read that part of the paper. What effect will the expansion of the European Union have on the movement of populations? How will that affect Scotland in particular?

The Convener: Wider issues arise that we may wish to return to in future.

Irene Oldfather: From the outcome of the agriculture and fisheries council on 13 and 14 October, I note that the UK Government has joined other non-producers in arguing for changes to the cotton and olive oil regimes. Members will know that the committee has taken an interest in the sugar, tobacco, olive oil and cotton regimes, with a view to liberalising some of the markets. It is good to note that some of our previous suggestions appear to have been taken on board.

The Convener: We may wish to leave post-council scrutiny of the agriculture and fisheries council hanging just now. However, it would be worth while inquiring whether the Environment and Rural Development Committee has any plans to obtain feedback from the minister to help us make our decision.

Convener's Report

15:44

The Convener: The first item of my report returns to the issue raised by the previous European and External Relations Committee about the Government's position on tripartite contracts between itself, the UK Government and the European Union. Europe proposed that that route be taken, whereby all three levels of government would come together, in order to reduce bureaucracy and lead to better decision making and implementation of EU legislation.

An answer to my parliamentary question revealed that the Scottish Executive has undertaken no such agreement, despite the fact that feedback to the committee indicated that the Executive was keen to promote them. That is why the matter is on the agenda. Are there any comments?

Irene Oldfather: I am generally in favour of tripartite contracts. They are a good thing and the previous committee supported the idea.

I have not seen your parliamentary question or the answer, and it would have been helpful if those had been reproduced for the committee. All I have is a synopsis that says that the Executive answer was simply no. I am aware that such projects are still at the pilot stage. Neil MacCormick's opinion was still in draft in September, so it might be that the Executive has not made a formal application because the issue is still under discussion. We need a little bit more information and I am happy for us to seek clarification. However, not having seen the parliamentary question, I do not know if the no means that the Executive has not yet applied, or it is no longer interested. I would be very surprised if the answer was that the Executive is no longer interested, given that the issue formed part of the UK submission to the convention to which the National Assembly for Wales and the Scottish Executive signed up. We need clarification.

I note that the message seems to be contradictory, but I have not seen the question and am therefore not sure that that is the case.

The Convener: That is a fair comment. In future, when we refer to parliamentary questions, a copy should be attached to the papers. I will ask the clerks to do that. The question was just whether there are any such tripartite contracts and the Executive gave a one word answer.

Irene Oldfather: That could be technically correct, but it does not mean that the Executive is not interested in undertaking the agreement. It might mean that it is all still at draft stage. That

would not surprise me in the least because the European Parliament report was in draft in September and it urges the Commission to develop pilot studies. It might be that we are waiting for the Commission to make proposals. I would not want to read too much into the Executive's answer. We need clarification.

The Convener: Is the committee happy to seek that clarification? The issue has been raised before and such contracts would make a change to how things were done if the idea were taken up.

Members indicated agreement.

The Convener: Item 2 relates to an issue that John Home Robertson raised, which is the movement of heavy goods vehicles through the EU and the fact that some countries, notably Austria, charge those vehicles for passing through the country because they do not pay road tax in that country. We have received a letter from Gwyneth Dunwoody MP, chair of the House of Commons Transport Committee, inviting the committee to make a submission to her committee's inquiry into EU transport policy.

Mr Home Robertson: I dropped a note to the clerk a month or two ago asking that the issue be raised. Hauliers in my constituency have pointed out to me that there are a significant number of HGVs from mainland Europe on our roads, using fuel on which they have paid much less tax and competing with our hauliers. When an HGV crosses a border on mainland Europe, particularly into Austria, the driver has to buy a Eurovignette to pay up the difference. British truck drivers in mainland Europe therefore have to pay.

I do not understand why the UK Government does not impose the same requirements on trucks coming from mainland Europe. It is worth making that point to the House of Commons Transport Committee. If the clerk could draft something on that, perhaps it could be considered further.

The Convener: On behalf of the committee, can I ask John Home Robertson to work with the clerks to draft a submission?

Mr Morrison: Can you clarify that that is the inquiry that will also examine issues that relate to public service obligation orders?

The Convener: Are you seeking clarification of the title of the inquiry by the House of Commons committee?

Mr Morrison: Yes.

The Convener: As far as I am aware the inquiry is only into EU transport policy, but I will double-check.

The title of the inquiry is "Transport in the European Union"; it could well cover the matter to which you refer.

Mr Morrison: I will perhaps have a chat in private with the clerks to see whether there is anything that we can meaningfully do on public service obligation orders on air routes.

The Convener: Are you reflecting your experience earlier this afternoon?

Mr Morrison: Not at all. That was to do with the fog in Edinburgh.

The Convener: We are happy to take that point on board.

If the committee is happy with that, our thanks go to John Home Robertson for agreeing to liaise with the clerks on drafting a submission.

The next item in the convener's report is the letter that has been received from the Minister for Finance and Public Services on the subject of the euro preparations committee, on which the Scottish Executive is represented. We asked for an update and we have received the letter that is in the committee papers. It gives web links to the minutes of the meetings. There is not a great deal of information in the reply from the minister, but it is open to members to click on the web to read the minutes. I suggest that we ask the minister to make that information available to the Scottish Parliament information centre, so that the minutes are available to all MSPs.

Irene Oldfather: Perhaps the clerks to the committee would want to click on the link and make the information available to committee members and to SPICe. We seem to be batting this backwards and forwards. We could be very pedantic about the matter and write back to the Executive and say, "You draw it down from the internet, or we will draw it down from the internet." If the information is publicly available, let us agree that somebody downloads it and circulates it. The committee has an interest in the matter, so I do not see why we should not do that.

The Convener: There is certainly an issue in that if we ask for information from the Executive it should give us the information, as opposed to our having to ask the clerks to download it, but I am sure that we can get it one way or another. We can ask the clerks to liaise with the Scottish Executive to reach a mutual agreement.

The next item is a copy of the transcript, provided by the official report, of the videoconference that we had with the Finnish Parliament's Grand Committee, which was attended by a number of members. That is simply for information. We record our thanks to the official report for going to the trouble of producing the transcript and to the information technology

department and everybody else who was involved in setting up the videoconference.

The next item is the letter from the UK Department for Constitutional Affairs on the number of MEPs. The issue has been debated in the chamber and, incidentally, it will be debated in the chamber again on Thursday in SNP time.

Dennis Canavan: I am happy to go along with your recommendation that we thank Christopher Leslie, parliamentary under-secretary of state in the UK Department of Constitutional Affairs, for the courtesy of a quick response, but I would not like him to get the idea that we are in any way satisfied with that response. If we are writing to thank him, we should also, for the record, express our dissatisfaction.

The Convener: That is a sensible proposal. As there are no objections, we will follow that suggestion.

The next item in the convener's report is new evidence to our two inquiries. That evidence is now publicly available on the website, and we will consider it at future meetings.

The final item in the convener's report is an analysis of the European Commission's work programme for 2004. We requested the information because I know that certain members of the committee were interested in receiving the briefing.

Irene Oldfather: Convener, I had said that I would represent the committee on your behalf at the meeting of EMILE—the European members information liaison exchange network—but an urgent constituency matter has come up. I understand that John Home Robertson and Phil Gallie are both attending the EMILE meeting. John Home Robertson has indicated that he would be happy—

Mr Home Robertson: I do not know about happy.

Irene Oldfather: He has said that he would be willing to say a few words on behalf of the committee. If Phil Gallie will be there and is also willing to say a few words, that would assist me in meeting an urgent constituency engagement.

Mr Home Robertson: The buck stops here.

The Convener: I thank Phil Gallie and John Home Robertson for being genuinely delighted to do that. I am sure that the meeting will be productive.

Phil Gallie: I know that this will sound repetitive, but as far as the Commission's work programme is concerned I am very aware of its failure to get its accounts audited. I would have thought that auditing those accounts would have been a top priority that the European Commission would have

mentioned in its work programme for the next year and over coming years.

I do not know how other members feel about the matter, but I am quite sure that everyone is concerned about it.

Dennis Canavan: I think that Phil Gallie has made a fair point that is worth pursuing.

The Convener: We can do that.

Irene Oldfather: It is worth while noting that the emphasis in the work programme over the next year is on enlargement. The Commission has clearly indicated that this year's legislative programme is lighter than normal because of the work that needs to be done to bring in the accession countries. Various financial bodies scrupulously audit all European institutions. For example, the Committee of the Regions has just been through an audit by the European Anti-fraud Office—or OLAF—which, along with the European Court of Justice, is responsible for auditing. Although I sometimes come across scaremongering stories in the press about gravy trains and money that goes missing, I have found in the past that the European Court of Auditors' reports on these matters are very detailed and specific. Indeed, the recent Committee of the Regions audit was very thorough and resulted in a member being paid back money rather than in members having to pay money back. I do not think that that story received any media attention.

Phil Gallie: Page 13 of the convener's report suggests that one of the Commission's major projects is—quite rightly—to sustain growth. I would ask whether the Commission is able to attain any growth at present, given Europe's woeful performance. It is right to attempt to create growth, but I think that, given current performance, this talk of "sustainable growth" is—to repeat a phrase that was used earlier—a bit tongue-in-cheek.

The Convener: Given that the minister with responsibility for Europe and external relations is also responsible for finance, you can raise those points with him directly the next time that he appears before us.

On Saturday, a number of MSPs and I attended the Scottish Youth Parliament in Aberdeen. I notice that the analysis of the Commission's work programme in the convener's report highlights a number of youth issues. Perhaps we can ask the clerks to send a copy of this paper and a cover note to the Scottish Youth Parliament to make it aware of issues in Europe that it might find interesting.

It is also worth mentioning that the Scottish Youth Parliament has what I think is called the European and external relations committee—I am

not 100 per cent sure about that—and when I spoke to its members on Saturday I suggested that we might be able to build links with it.

Irene Oldfather: I agree with those comments. Last year, I had the enjoyable experience of hosting the Scottish Youth Parliament in my constituency. I have found young people to be almost the most euro-enthusiastic people I have come across and they certainly appreciated the number of local MSPs who came along to support their conference at James Watt College in Kilwinning. As a result, I am very happy to continue those links.

The Convener: I thank Scotland Europa for its analysis of the work programme, into which it put a lot of effort.

Phil Gallie: In light of Irene Oldfather's comment about enthusiastic MSPs, I want to put on record that I was one of them.

The Convener: Yes. Indeed, I was thinking along the same lines when Irene was speaking. I am sure that the young people she mentions will maintain their enthusiasm into adulthood.

Intergovernmental Conference

15:59

The Convener: The next item on the agenda is an update on the intergovernmental conference. I asked the clerks to commission the paper, which updates the committee on the IGC. Given members' interest in the IGC, we thank SPICe and everyone else who was involved in producing the paper. I wanted such information to be put in the public domain. Members have an opportunity to make any brief comments.

Irene Oldfather: It will probably be difficult for committee members to agree on some of the issues that the paper presents. Some work has obviously gone into the paper—I appreciate the work that the clerks and SPICe have put into it.

Last Monday, I was fortunate to attend a meeting in Brussels that gave an update on the IGC and regions. It might be useful to mention a couple of matters in which members will be interested.

It was brought to our attention that the current draft constitution refers to territorial cohesion and that most regional Parliaments in Europe want that reference to be maintained in the text. We were also advised that the Belgian Government is expected to suggest that there should be a section on interregional co-operation. For regional Parliaments and regional Governments in the past, interregional co-operation has been a great way of taking Europe out to people and communities and I would certainly welcome the inclusion of interregional co-operation in the text.

We were asked to highlight those matters in our member states and regions. I thought that it would be appropriate to do so, as the committee might agree on those areas. It is clear that the committee will not agree on a number of other areas—for example, the Committee of the Regions' having institutional status—but I thought that I should bring those two matters to the committee's attention.

The Convener: That is helpful. I should mention that Denis MacShane, who is the UK Minister of State for Europe, has agreed in principle to come and speak to the committee in the near future. It is likely that he will do so after the new year and that a special committee meeting will be required to hear from him. As previously agreed, we will arrange that and discuss details of the meeting in due course. We thank the minister for provisionally agreeing to the meeting and welcome his doing so.

Sift

16:02

The Convener: The final item on the agenda is our good friend, the sift. We consider a sift paper on EU documents and draft legislation from Europe at each meeting. As always, documents of special importance have been highlighted.

Phil Gallie: I have an observation to make on SP 539, which is to be referred to the Equal Opportunities Committee. The Enterprise and Culture Committee might be interested in the proposal, given its potential impact on business and industry.

The Convener: Okay. I remind members that the paper does also go to the other committees.

Phil Gallie: Is SP 520 on page 3 of 14 set for a trip to the Environment and Rural Development Committee?

The Convener: The paper has certainly gone to that committee, but I do not know whether it will deal with the proposal. We can certainly inquire.

Phil Gallie: That is okay. If the proposal has gone to that committee, it is the responsibility of that committee.

The Convener: SP 541 affects the vitamins and minerals that can and cannot be added to foodstuffs and is relevant to the work of the Health Committee. Given that committee's experience, I hope that it will consider the matter in detail. Perhaps we should double-check to ensure that it is aware of the matter.

Stephen Imrie (Clerk): I would like to clarify what happens with the sift document. Each subject committee receives a copy of the pages that are relevant to it, so each will see the list of legislative proposals that are relevant to it. In addition to the basic list, they receive copies of the documents of special importance, so each subject committee is made well aware of the relevant initiatives in its field. Any comments that members make around the table when they discuss the sift paper are also flagged up to them.

Phil Gallie: I apologise. I note that SP 520 is marked for the Environment and Rural Development Committee at the top of page 3 of 14. Page 4 of 14 is not marked for any committee, unless there is a carry-over.

The Convener: There is.

Phil Gallie: Bearing in mind our earlier session with the minister, there is a paper that comments on Lithuania's apparent right to access the north-east Atlantic fisheries. I wonder whether any

member has considered that matter or is interested in it.

The Convener: I will certainly consider it.

As members have no further comments to make on the paper, I remind them that the committee's next meeting is on Tuesday 16 December. A fair number of witnesses, including witnesses from councils, will give evidence on our regional funding inquiry, so a good attendance is important. The meeting should be good. I will see members on 16 December.

Meeting closed at 16:06.

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