

EUROPEAN AND EXTERNAL RELATIONS COMMITTEE

Wednesday 7 January 2004
(*Afternoon*)

Session 2

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EUROPEAN AND EXTERNAL RELATIONS COMMITTEE

1st Meeting 2004, 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 GAVE EVIDENCE:

Dr Denis MacShane (UK Minister for Europe)

CLERK TO THE COMMITTEE

Stephen Imrie

ASSISTANT CLERKS

Nick Hawthorne

David Simpson

LOCATION

Committee Room 1

Scottish Parliament

European and External Relations Committee

Wednesday 7 January 2004

(Afternoon)

[THE CONVENER opened the meeting at 18:31]

Interests

The Convener (Richard Lochhead): Good evening and welcome to the first meeting in 2004 of the European and External Relations Committee. I wish everyone a happy new year.

We have received apologies from Phil Gallie, Margaret Ewing and Keith Raffan. Nicola Sturgeon is here as a substitute for Margaret Ewing and Murdo Fraser is here as a substitute for Phil Gallie.

Mr John Home Robertson (East Lothian) (Lab): He is a pale shadow of Phil Gallie.

The Convener: No heckling, please.

I ask Nicola Sturgeon and Murdo Fraser to declare any interests that they may have, given that this is the first meeting of the committee that they have attended.

Nicola Sturgeon (Glasgow) (SNP): I have no interests to declare.

Murdo Fraser (Mid Scotland and Fife) (Con): I have no interests to declare that are relevant to this committee.

Draft European Union Constitutional Treaty

18:32

The Convener: We move to the first item on our agenda. It gives me pleasure to extend a warm welcome to the United Kingdom Minister for Europe, Dr Denis MacShane MP, and to his colleagues, who are with us today. I thank them for coming this evening. We are all in good spirits here, even if there was a bit of a hogmanay washout in Edinburgh. I understand that you have been to the shops and hope that you enjoy your visit.

Denis MacShane is here to discuss with the committee the intergovernmental conference on the proposed European Union constitution. Originally, when the committee agreed to invite both the UK Minister for Europe and the Scottish Executive minister with responsibility for Europe and external relations to appear before it, we were expecting to discuss the EU constitution that had just been agreed. Of course, that agreement has now been postponed. However, the committee has taken a close interest in the issue, especially in its implications for the Scottish Parliament and for Scotland as a whole.

Denis MacShane is the third UK minister to visit the Scottish Parliament since it was established in 1999 and the second UK minister to visit the European Committee or European and External Relations Committee. The minister will make a brief opening statement, after which we will move to questions. Without further ado, I invite Dr MacShane to speak to us for a few minutes.

Dr Denis MacShane (UK Minister for Europe): It is a pleasure to be here. I wish everyone a happy new year. I spent new year in the Alps in France, where the weather was much kinder than I understand it was in Edinburgh.

This meeting is part of a series of permanent consultations and discussions that I am having up and down the United Kingdom. I consider it to be of the highest importance that the Minister for Europe is available to explain and discuss what our country's policy in Europe should be and to listen to and hear other people's points of view.

A great deal has happened since Peter Hain, my predecessor, spoke to the European Committee in November 2001, so I will reflect on recent events and give an overview of the next year's developments in Europe, set in the context of the intergovernmental conference on the draft constitutional treaty.

The convention on the future of Europe concluded in summer last year. That provided a very good starting point for the IGC, which began work in October. At the December European Council meeting, we failed to reach agreement, as was very well reported. Some people almost relished the fact that agreement was not reached, and talked about the meeting being a great failure or disaster. Despite the rather hostile view in the anti-European press, I think that, although it was disappointing that consensus could not be reached, the EU presidency, which was held then by the Italian Government, was right to recognise that the fundamental issue of the distribution of votes in the European Council could not be resolved satisfactorily at that time.

Life goes on, and we have the existing constitutional treaties for Europe. In particular, on voting arrangements, there are those that stem from the Nice treaty, which will see us through the enlargement of the EU. I do not think that people understood that the Nice voting arrangements will take effect only in November this year. In any case, those arrangements will last until 2009, even if different arrangements are agreed under a new treaty. As the Prime Minister told the Commons, we have ahead of us, under all circumstances, five years of operating by the Nice voting agreements.

We still believe that reform is necessary. The negotiations have been about the effective management of the EU after its enlargement to 25 countries this May. That enlargement is hugely important for the whole of Europe. The stability and prosperity of our continent stand to gain enormously from it, and we negotiated the Nice treaty to make enlargement possible. That is why we have been, and are, working on the draft constitutional treaty. That treaty involved negotiation between 25 sovereign Governments and it was bound to be complicated. However, the IGC did not fail to reach agreement simply because there were 25, rather than 15, countries represented around the table. The outstanding issue involved differing but equally legitimate views about the relative weight of votes that member states have in the EU. Those of us who recall recent European political history will remember that that was the issue on which Nice almost foundered.

The weighting of votes has always been a problematic matter. Even in the 1960s, during the early years of the European Community, when there were only six members, disputes led to the so-called Luxembourg compromise. France simply refused to turn up and participate because of its disagreement with the way in which decisions were taken. That has always been a difficult core issue for the European Community, and now the European Union. Vote weighting has been a particularly difficult question for Spain and Poland.

It is right that we take time to find a workable solution. We must be sensitive to member states' concerns. Looking at things from a UK point of view, we made it clear in the white paper that was published on 9 September last year that we are content with the Nice system. However, if consensus is found, we are happy to move to a new system.

A lot of progress was made and a lot of ground was cleared at the recent European Council. We believe that the Italian presidency showed considerable skill and tenacity, and made that progress possible. The Italians handled a difficult job very well, and I am sure that the new Irish presidency will perform its duties thoughtfully and effectively.

Although we could not find final agreement in December, we have still moved forward. The Italian presidency made it clear that there was consensus—or nearly consensus—on a large number of issues. The different texts that were produced in the autumn defend many of our key concerns. Mr Berlusconi summed up his views to the European Council at 2.30 on that Saturday afternoon in December. He believed that issues such as taxation, the financing of the EU, social security and criminal law will all remain subject to decision making by unanimity and that any further treaty change will be subject to the approval of the Parliaments of the sovereign states concerned.

The IGC made significant progress where other British national interests are concerned. The draft treaty states that the Union has only the powers that the nations give it and acts only when objectives cannot be achieved by countries acting alone. There will be new powers for national Parliaments to be involved in EU legislation. National leaders in the European Council will set the strategy of the European Union and, in an important development, there will be a full-time chairman of the European Council to drive forward that work. Even before the European Council meeting in December, we had agreement on sensitive areas such as foreign affairs and the so-called passerelle clause, on which we have made it clear that the involvement of national Parliaments is necessary.

Energy was the subject of great concern in Scotland and I pay tribute to the Scottish members of Parliament and other MPs in the House of Commons who drew the issue to our attention and made it clear—in committees and in private meetings that I held, including with leaders of industry—how important the issue was. We worked with other member states to reach an outcome protecting a vital UK interest that was acceptable to all partners. Other countries—principally the Netherlands—were as concerned about the issue as we were.

Until the negotiations are completed, all aspects are open to further discussion. To use a slightly hackneyed phrase, nothing is agreed until everything is agreed. We have a sound basis for making progress and we expect the Irish presidency to draw upon the progress that was made under the Italian presidency. The Irish are open to restarting negotiations—the Taoiseach has made that clear—and so are we, if there is consensus among member states. However, this is my first chance since the Christmas and new year break to make it clear to the committee that we do not know at what speed that might occur. There is general agreement that we need a period of reflection.

The Irish presidency will consult member states to report back to the spring European Council in March about the best way forward. We cannot agree a new treaty until there is consensus within the EU. That might take time, but, as I said at the beginning, time is what we have. The new treaty will not come into force for several years and the new voting arrangements will not come into force until 2009. A new constitutional treaty will help the EU to work more effectively after enlargement, but I stress to the committee that enlargement will go ahead without it and it will be a success. In deciding when to resume negotiations, we have to be aware of events in member states. The Spanish will hold their legislative elections for the Cortes Generales in March. The Greek Prime Minister, Mr Simitis, has just announced that he is standing down as party leader. I expect that there will be elections in Greece in March. All of us in the UK and throughout Europe will be involved in the European Parliament elections in June.

I know that fisheries is an area of great concern in Scotland. Again, the issue has been raised forcibly on the floor of the House of Commons and in committee by Scottish members. In December, we finished tough negotiations in the council on fishing rights. We had to face a difficult dilemma. We need a viable fishing industry now, but we also need to ensure that there is a sustainable fish stock for the future. The solution might not be easy and nobody is more conscious than is the Government that it will be painful for fishermen, their families and their communities, but it is necessary for their long-term security. I understand that Mr Finnie made a statement about that today and that colleagues in the committee questioned him this afternoon, so they are probably better informed than I am on the statement.

The Commission was given scientific advice to ban cod fishing in the North sea entirely to allow stock regeneration—the same advice that it received in 2002—but it decided to reduce the level of fishing rather than to impose total closure. We supported that approach, rather than having a

complete moratorium, and we still do. The Commission agreed that cod fishing could continue at the same level as in 2002. It also agreed to increase quotas for two important fish stocks in Scotland; the quota for haddock increased by 53 per cent and the quota for prawn increased by 30 per cent. Therefore, we met our two main objectives for the UK. There is still a viable white-fish industry and we reached agreement on a long-term cod recovery plan. We now need to work with the industry to ensure the plan's success.

18:45

Beyond the IGC or fisheries issues, 2004 will be a busy year. The financing of the EU will be a major issue. The Commission will publish shortly proposals on how it wants the Community to spend its budget from 2007 onwards. We want to retain budgetary discipline and to produce a more sensible budget that focuses on EU priorities, such as the Lisbon agenda and sustainable development. I stress that the UK budgetary abatement—the so-called rebate—is not negotiable.

My colleague Patricia Hewitt, the Secretary of State for Trade and Industry, set out our position on structural funds after 2006 in a statement to the Commons on 11 December. We want a simpler, more flexible system that supports the Lisbon agenda—which aims to get Europe moving again in terms of job creation and dynamic economic growth—and which matches our regional policy goals in the UK. Within a budget of around 1 per cent of EU gross national income—which is about \$10 trillion, so 1 per cent is serious money—we want to focus the EU's resources on member states that need the most, rather than recycle them among richer states.

Patricia Hewitt's statement in the Commons outlined the Government's financial guarantee to the UK nations and regions. If our framework for EU regional policy is adopted, we will provide increased domestic funding equivalent to that which would have been received if the current eligibility criteria were re-applied for the period of the next financial perspective.

It is four years since the Lisbon agenda—with its dramatic ambition of making Europe the most dynamic economy in the world by 2010—was launched. Since then, much has been achieved: cheaper gas and electricity, much more efficient and cheaper air travel, better regulation of financial markets and more jobs for Europe's workers. However, the world economic slow-down will make it harder to meet our targets and that is why, across Europe as well as in the UK, it is important that we make extra efforts to raise public understanding of the Lisbon agenda and to deliver

on it even more urgently. Therefore, we welcome the Irish presidency's determination to renew the impetus behind Lisbon and to achieve tangible benefits for Europe's citizens.

Our co-operation with the Scottish Executive on Europe goes back to the beginning of devolution in 1999. Scottish interests are reflected and agreed in UK positions. When the UK casts its vote on something that is vital to Scotland, it casts as many votes as any of the bigger countries in Europe. Scottish ministers have participated in more than 50 council meetings in the past four years. Occasionally, Scottish ministers have appeared as the heads of UK delegations, representing agreed UK lines. The Scottish Executive has always been represented at co-ordination meetings for ministers that I have chaired in the Foreign Office.

Our current permanent representative in Brussels is John Grant, a distinguished diplomat and Scot. Throughout his career, he has ensured that UK policy reflects Scottish interests and he has promoted Scottish links with Europe in particular. In addition, I had enormous pleasure in working with Mike Watson to try to get Euro 2008 for Scotland and Ireland. We failed, but that was certainly not due to lack of determination by Scotland and, I hope, support from the Foreign Office.

Generally, the Foreign Office's global network of posts has been active in working with the Scottish Executive and other Scottish bodies to promote Scottish interests around the world since 1999. I believe that I am right in saying that about half of our diplomatic staff are Scottish. That is probably why the Foreign Office is the most effective and successful of all Whitehall departments. That point was not in my original script—I am just adding it. My officials will soon be submitting written evidence to the committee's inquiry on the subject, which reflects input from more than 70 diplomatic posts in more than 50 countries. We can report on both small-scale and large-scale joint work, ranging from the St Andrew's day celebrations, which are now an important part of our big embassies' activities, to campaigns such as Scotland in Sweden.

I have been very pleased by the way in which we have worked together on the convention on the future of Europe in the past year. We have co-operated effectively, not least to produce a well-received paper on Europe and the regions, which was developed from a Scottish Executive initiative. We have regular video links between Whitehall, Edinburgh and Brussels to co-ordinate our approach on European issues and to take into account the Scottish viewpoint. The Scottish Executive's office in Brussels is one of the most effective of the different regional-national offices,

which include those for the German Länder and Catalonia, and the fact that there is excellent cross-fertilisation with the United Kingdom permanent representation to the European Union office gives Scotland a lot of bang for its buck in Brussels.

2003 was an exciting and challenging year for the EU and 2004 will be no different. In May, we will have 10 new member states. That most exciting development will spread out peace, democracy, the rule of law and the common rules of Europe to countries that lived—during the lifetime of many people in this room—under dictatorship. Those countries have great problems of poverty, but when Ireland joined the European Community in 1973 its average income was 60 per cent of the Community average and today its average income is 125 per cent of the EU average. When I was a young man, Ireland was a country of emigration; now it is a country of immigration. That shows why we must be as positive as possible about Europe and I know that friends in Scottish parties support that.

The European parliamentary elections will be held in June, a new Commission will take office in November and we will have to choose a new Commission President and then, in 2005, there will be the UK presidency. I will put my cards on the table—I am a passionate pro-European and I believe that Britain's place must be at the heart of Europe. We should be in Europe, helping to run it, shaping its direction and, in so doing, meeting our interests, not whingeing from the fringe or criticising from the sidelines. That is why we have been able to achieve big reforms of the common agricultural policy, to push forward plans to develop European defence to complement our commitments in NATO and to secure massive enlargement of the EU. The Government will continue to be very active and purposeful on European policy in 2004.

The Convener: Thank you very much for that comprehensive statement.

You mentioned Patricia Hewitt's review of regional funding and it may interest you to learn that we are conducting a parallel inquiry into the proposed changes on regional funding. We hope to get a UK minister to give evidence, so it would be most helpful if you could encourage the Department of Trade and Industry or the Treasury to allow a minister to come up here to do that.

Dr MacShane: I represent a relatively poor part of the UK—south Yorkshire—which became eligible for objective 1 funding because, under the Conservative Government, its per capita income fell to 75 per cent of the EU average. Although we are pleased to have received the money from Brussels, it was a mark of shame that that

Government handled the UK's affairs so disgracefully that that level of poverty could arise.

Regional funding is an intensive subject that concerns the whole of the UK; ministers in the House of Commons are, of course, answerable to Scottish, north-west, Welsh, Cornish and south Yorkshire MPs. The debate about regional funds, which is UK and Europe-wide, will be very tough indeed, because there are some countries, such as Spain, which—I would gently suggest—have got rather used to a certain level of funding. Those countries are now much richer, thanks to help from Europe, and I think that the time has come for that solidarity to be shown to the newer members of the EU, which need the funding to boost their social and material development.

The Convener: We will move straight to questions.

Mr Home Robertson: The UK Government has taken some pretty radical steps on decentralising Government in the UK; the Scottish Parliament is the obvious example of that. Now we find a developing role for nations and regions—who knows, perhaps Yorkshire at some stage—in member states within the European Union. This committee has been actively involved in working with counterparts from, for example, Catalonia, Flanders and other regions and nations within member states. Are there any signs of similar decentralisation in other rather centralised states in the EU, such as France? Can we do anything to encourage that process?

Dr MacShane: Very much so. That is part of a growing trend.

The French Prime Minister, Mr Raffarin, has proposed quite significant decentralisation and devolution reforms, which build on the existing regional councils that were set up under the Mitterrand Government in the 1980s. The proposals have met with some opposition from what one might call the more centralising ideology in France, which from the days of Napoleon has tended to focus a lot of power in Paris rather than devolve it to the different regions. It is a live debate. In Italy in particular, Mr Bossi's party—I must be careful, because it is part of the coalition Government—talks rather a lot about separatism; even in Belgium there is some separatist talk. There are parties that go beyond wanting a stronger role and identity for nations or regions into a rather sad separatism that goes against the idea of the European Union, which is based on partnership.

Mr Home Robertson: I am afraid that we also have a few of them here.

Dr MacShane: As you know, it is not for me to make any party-political points.

The Convener: We will get a definition of “sad separatism” on another occasion.

Murdo Fraser: I have two questions on the European constitution and the IGC. First, we heard quite a lot before and during the IGC about the Government's so called red-line issues. Can you outline what the red-line issues were? To what extent was there discussion about and agreement on those issues? Much of the focus at the time was on the voting system; that seemed to dominate coverage, and you referred to that as a key issue. Were there other sticking points that did not get the same exposure?

Dr MacShane: The term “red line” is now part of European discourse. Every country has a stack of so-called red lines. In December, the big red lines were, as you rightly say, on voting weights—on which Germany and France had their fundamental red lines and Poland and Spain had their fundamental red lines. Our position has always been that Europe will advance a lot better if there is a clear demarcation between what Europe does and what national Governments do. Therefore, we have argued consistently that we need to maintain unanimity in areas such as taxation, budgeting agreements on the financing of the European Union and decisions on, for example, foreign policy and criminal procedure—there are fundamental differences between different criminal and legal systems in the EU, as there are within the UK. We were not alone in taking that view. I read an interview with the Taoiseach, Mr Ahern, in *Le Monde* last week, in which he said that there was, for example, no question of giving up unanimity on taxation. That was a fundamental Irish position.

The President of the European Council, Mr Berlusconi, said in his summing up in December that it was agreed that we would not move on qualified majority voting in areas such as tax, social security and criminal law and nobody objected. I will explain how European Council decisions are taken. It is not the case that the convention text is amended and then there is an amended version and we come back to it and get another amended version: there is the convention text and during the autumn and—if the process continues—under the Irish or Dutch presidency this year, the presidency seeks to find agreement. Therefore, matters such as the passerelle clause and the single legislative council went and that was announced. Mr Berlusconi said that he thought that there was broad agreement that we would not move to QMV in the areas that Britain—and as I said, not only Britain—considers important.

Our view is that Europe has much to do, that we have existing constitutional treaties—the Single European Act, the Maastricht Treaty on European

Union, the Treaty of Nice and the Treaty of Amsterdam—and that Europe should get on with doing what it must do. Perhaps we can create a more dynamic Europe in the next 10 years instead of one that constantly debates its own constitution and institutions.

19:00

Murdo Fraser: I would like to ask a follow-up question. In December, the Labour MP who sat on the convention praesidium, Gisela Stuart, said about the constitution in *The Guardian*:

“I think it was a narrow escape for the European Union.”

She also stated:

“The Constitution would have been a disaster—and I helped to write it!”

That seems to be a fairly authoritative opinion from a person who was involved in writing the constitution. Does the Government share her views?

Dr MacShane: No. Gisela Stuart is a good friend of mine and she worked hard on the praesidium. She made all the points that she made in the article in *The Guardian* and the Fabian Society pamphlet in standing committees that we set up. There was a constitutional innovation in the setting up of a standing committee of both Houses of Parliament to interrogate ministers while treaty negotiations were going on. Never before in hundreds of years of Britain or the British Government negotiating international treaties has a treaty been subject to such scrutiny. Normally, ministers negotiate a treaty, it is signed and the debate starts when it is brought back for discussion by parliamentarians.

I do not think that there has been a disaster. In fact, some issues that Ms Stuart was particularly exercised about—such as the passerelle clause—were dealt with in negotiations. There has been much discussion about whether there should be a referendum and I have argued consistently that the intellectually and politically honest position is to wait and see what is finally brought back. I have confidence in Jack Straw, the Prime Minister and myself. Very able officials have negotiated and I have confidence that we will not defend British interests negatively and defensively, but that we will make a good case for a more effective rule book—which is what a constitutional treaty is—for Europe.

It was clear that there was no mood simply to sign off the convention text—Ms Stuart was right about that. I have the convention text with me. I know that members will have read it and that they have it off by heart.

The Convener: In detail.

Dr MacShane: Members can see the length of the first two parts of the text and the length of part III, which was not published until July. That is where all the detail is—for example, it contains the energy chapter that I mentioned, which much concerned Scottish MPs in particular. Ms Stuart was right to draw attention to lacunae in the whole process. We have the existing constitutional treaty, with its reference to “ever closer union”, which one major party in the House of Commons—the Conservative party—certainly finds disagreeable, but I expect that we will have to find a clearer set of rules to satisfy everybody. Perhaps the breakdown in December will give all of us much more breathing space and will be no bad thing.

The Convener: I remind members that there are only around 25 to 27 minutes left for questions, so questions should be kept relatively brief.

Irene Oldfather (Cunninghame South) (Lab): I thank the minister for his detailed opening remarks—he has already answered a number of my questions. However, I would like to explore a little further the role of regional Parliaments in the new Europe. I want to record in the *Official Report* that the committee welcomed the UK’s submission to the convention and the support that has been given to the role of regional Parliaments in the subsidiarity process—I have no doubt that the minister is aware that the committee did so.

I appreciate what the minister said in his opening remarks and that

“nothing is agreed until everything is agreed”,

but I would appreciate his indicating whether he has found support in the negotiations for the protocol on subsidiarity and proportionality, for example. Does he think that the UK Government will continue to support that protocol throughout the negotiating process?

I also want to ask the minister for his gut feeling on whether he thinks that there is a collective will in Europe to succeed. Does he have a comment on the rumours or remarks that Sweden will not return to the question of the constitution until 2005, which might bring the matter within the scope of the British presidency? I know that the Irish are keen to make progress but it is important that there is a collective will and that the constitution does not divide Europe but unites it. I would appreciate hearing his gut instincts and views on his discussions with colleagues.

Dr MacShane: The protocol on subsidiarity and proportionality and the new language for Parliaments in the draft treaty were definite steps forward. We have to be honest and admit that different countries have different constitutional

arrangements. The German federal state, or Bundesrepublik, gives considerable powers to the Land Governments. There is a distinct problem when we want to discuss cultural policy in Europe because there is no German cultural secretary of state or minister, nor is there really an education minister. Those issues are reserved to the Land Governments.

The strong involvement of regional political representatives in the debating process in the past few years has underlined the fact that people want Europe to be devolved and decentralised. They do not want a superstate or a Jacobin—in the French sense—or Napoleonic Europe.

It is genuinely impossible to talk about timing or a return to relaunching the IGC. I read an interview with the Taoiseach from his joint press conference with Mr Prodi in Brussels, which was widely reported in the press here and in Europe. Ireland would like serious progress to be made during its presidency. However, Mr Prodi said that if that did not happen, we would move to a two-speed Europe. The Taoiseach, Mr Ahern, flatly contradicted that, saying that a two-speed Europe would not make a lot of sense. I have a copy of *Der Spiegel* that contains an interview with the federal Chancellor, Mr Schröder, in which he says that Germany would like the discussions to be finished this year, but that it will not move its position on voting weights.

We are continually consulting with our colleagues. I will be in Dublin, and the Secretary of State for Foreign and Commonwealth Affairs and I met the Dutch foreign minister this morning before I came here. The Netherlands has the presidency for the second half of 2004.

I am not ducking the question. I would love to have a crystal ball that tells me that we will be reopening negotiations and moving faster than it was thought that we would be able to move as of mid-December. We are ready; our position is known. The Prime Minister spent a lot of time trying to build bridges between the different positions that were taken in December. We want a successful rule book for Europe. However, we are also saying that we have to get it right and we have to have a bit of time to think about things.

Irene Oldfather: Does the Bush Government have a view on a two-speed Europe? I know that the minister is very pro-European and I am sure that that would not appeal to him.

Dr MacShane: The first little bike that I had as a boy had three speeds. I have never known a two-speed gearbox in my life. I genuinely do not know what a “two-speed Europe” means.

We are in the fast lane of Europe when it comes to job creation and economic dynamism. I wish that there was a British-speed Europe in terms of

creating jobs and building a strong and successful economy. We will be developing those arguments.

It is vital that Europe evolves in an inclusive way. We do not want separate Europes or Europes within Europes. Clearly, there is the euro zone and the Schengen zone and some countries are collaborating on defence. That is okay, but Europe as a whole has to have a common set of rules by which we abide.

Nicola Sturgeon: I have three questions that, in the interest of saving time, I shall ask together. First, you mentioned working closely with the Scottish Executive during the negotiations on the EU constitution. Can you expand a bit on the role of the Scottish Executive, especially in the post-convention period through to the IGC? Beyond that, can you give a couple of examples of areas in which the position of the UK Government changed or was finessed to take account of Scottish interests? Secondly, if we assume that a constitution will be signed, in due course—unfortunately, in my view, the UK Government has ruled out a referendum on that—what role do you envisage the Scottish Parliament playing in the ratification process? Thirdly, you said that all aspects of the constitution are now up for grabs, pending a final agreement. Would the UK Government in any circumstances reconsider its refusal to make the clause conferring exclusive competence on fishing one of its red-line issues?

Dr MacShane: The Scottish Executive and the other devolved Administrations were involved throughout the IGC and attended ministerial meetings to discuss the positions that we were taking. The paper “Europe and the Regions”, which came from the Scottish Executive, was one example of that co-operation. The Scottish Executive was also involved in all the discussions on energy. Although Bob Blizzard, the MP for Waveney, as chairman of the British offshore oil and gas industry all-party parliamentary group, took the parliamentary lead, MSPs and Scottish officials were closely involved in those discussions.

On ratification, we could have a discussion about whether or not we are going to have a referendum. I am a strong believer in the parliamentary process, and on an international treaty it is right that the House of Commons decides its transposition into UK law. It is true that the anti-European forces—the jihadis in the anti-European press in London—are calling for a referendum, but their motive has been quite open: it is to move Britain to the exit door of Europe. Mr Michael Howard called for a referendum on the treaties of Maastricht and Nice, saying that they would inevitably lead to a superstate. Mr Bill Cash and Mr Iain Duncan Smith called for a referendum on the treaty of Maastricht, saying that it would

inevitably lead to a superstate. I am looking around for the superstate that is about to happen.

There are people who support a referendum for other reasons, but we should be very clear that the people in this country who are calling for a referendum are profoundly opposed in principle to the European Union—just as, in France, the people who are calling for a referendum want to exclude Turkey from the European Union and want to break the European Union into separate component elements. As it is an international treaty for the whole United Kingdom, although there will be vigorous debate in Scotland, it is a matter for the House of Commons.

Sorry, what was your third question?

Nicola Sturgeon: It was on fishing.

Dr MacShane: The position on fishing is well known. It is much better for the whole weight of the United Kingdom to be arguing the Scottish case, as well as the case of the other fishing communities in the UK. I do not think that it is realistic to expect that the treaty provisions on fishing, which have been in place since 1973, are going to be changed in the context of the IGC negotiations. We are not really proposing to put new material into the IGC. The ratification of the treaty will proceed in the normal way—as with the Single European Act and the treaties of Nice, Maastricht and Amsterdam—by upholding parliamentary democracy, which I believe has served the people of England, Scotland and the rest of the United Kingdom very well over the centuries.

The Convener: To clarify, are you saying that you do not envisage any role for the Scottish Parliament in the ratification process?

19:15

Dr MacShane: An international treaty is, to use the technical jargon, a reserved matter. We should be clear that we are signing a solemn international treaty with 24 other member states of the European Union, just as we sign treaties through the World Trade Organisation, and international treaties that give effect to international law that we then transpose into domestic law. The body that will debate and decide on the transposition into law will, of course, be the Parliament of the United Kingdom.

Nicola Sturgeon: I have a brief question, convener.

The Convener: I may come back to you if there is time. Alasdair Morrison has a question.

Mr Alasdair Morrison (Western Isles) (Lab): I wish Dr MacShane a happy new year and all the best for the forthcoming year. I enjoyed his useful

and comprehensive overview at the outset of the meeting. It was useful to hear definitive and simple facts about the role of the Scottish ministers on European issues, such as the number of meetings that they have attended and their role in those meetings. In many instances, the Scottish ministers have led for the UK and have clearly defined the UK's policy position.

As Nicola Sturgeon asked a helpful question about fisheries, I will not ask the first question that I was going to ask, but I have a supplementary question about withdrawal from the common fisheries policy. Will the minister explain exactly how moronic that proposal is?

Dr MacShane: I am not sure whether that is parliamentary language, but it is certainly not realistic for the UK to pull out of the common fisheries policy because the only way in which we could do so would be by leaving the European Union completely. I appreciate the enormous sensitivity of fishing issues in Scotland. However, a Dutch colleague has put it to me—I have no idea how accurate this is—that the majority of cod that are taken out of the North sea are spawned within Dutch coastal waters. Perhaps they wear a little Dutch flag. I do not see how we can stamp fish; they are food and friends, but they do not carry a passport.

We could have a debate about whether the right decisions were taken in 1973, which would involve commenting on the fact that the UK was not part of the founding group that created the European Community by creating the European Coal and Steel Community in 1950 and the European Common Market in 1957. The logical consequence of leaving the CFP is that we would have to withdraw from the European Union. We cannot pick and choose the bits that we like and those that we do not like. In any event, if we withdrew from the CFP, we would have to reach agreements with every neighbouring country, given that fish migrate between waters. I pay tribute to Ross Finnie and Ben Bradshaw for their negotiating skills in the recent talks, but the notion of having to enter into endless bilateral agreements with every country that feels that it has a right to fish in the areas concerned is not realistic.

Mr Morrison: So the proposal amounts to no more than cynical sloganising.

Dr MacShane: One of the biggest difficulties in the debate about the European Union is that people are not prepared to admit that a complex and difficult set of relationships and processes is involved. I believe passionately that, in my lifetime, the European Union has made fantastic achievements. It has brought countries such as Ireland, Spain, Portugal and Greece up to their present standards of living; it has allowed

investment in trade; it has allowed hundreds of thousands of people to move across borders and to live and work in different areas; and it has got rid of the frontier blockages that I can remember from when I was a young student hitch-hiking and driving around Europe. The European Union has achieved all that in the context of peace and democracy and while spending more than two and a half times the amount that the United States spends on overseas aid. We should all be proud of those historic achievements.

It is easy to make a nationalistic slogan against Europe—such slogans can be heard all over Europe from Mr Bossi's party, Jean-Marie Le Pen's party in France, the Vlaams Blok and others—but that is a dead end; it is the politics of isolationism and treating Europe as a faraway place of which we need to know nothing. It is completely and utterly regressive politics, and, tragically, my party—the Labour Party—followed those politics in the 1980s. Thank God that the British electorate saw through us. Any party that gets into anti-Europeanism—calling for referendums or withdrawal from the CFP—will, I hope, get the same kick in the pants from the electors of Britain, who are far more sensible than the press that they are obliged to read.

This is much more fun than the House of Commons.

The Convener: Thank you. I think that you feel strongly about that issue.

I will pick up on your response to Alasdair Morrison, in which you said that, to withdraw from the common fisheries policy, we would have to withdraw from Europe. Is it not possible, albeit that it is not the Government's policy, to raise the future of the common fisheries policy as part of the IGC negotiations?

Dr MacShane: It seems to me that what is important is to put more fish into the sea and to keep as much as possible of our fishing community—and its dedicated men who provide that wonderful food for us all—in business. To abide by the CFP is one of the UK's obligations under the treaty that established the European Community, and, if the CFP did not exist, it would have to be invented. The fundamental point is that, if Britain followed the line of those who tell us to leave the CFP, which, as I said, would obviously mean leaving the European Union, we would have to renegotiate a CFP bilaterally with those who wanted to fish in our waters. Competence for fisheries is shared between the EU and member states, except that the EU has exclusive competence for conservation measures.

I defer to the expertise of colleagues here, but my understanding is that, in Newfoundland, fishermen fished and fished and ignored the need

to combat the depletion of stocks; as a result, there is no fishing industry of any sort left. I can fully understand the frustrations and difficulties with the CFP, but I stress again that Ross Finnie and Ben Bradshaw have done a very good job for Britain and Scotland. Those who call for withdrawal from the CFP must follow the logic of their argument and admit that it means withdrawing from the European Union, and, once that stage was reached—which I hope it never would be—they would have to negotiate a new CFP with all the other countries that have trawlers and believe that they have the right to fish in our common European waters.

The Convener: Thank you, minister. I recommend that you have a word with your Dutch colleague about his knowledge of cod.

Nicola Sturgeon: It was unfair of Alasdair Morrison to expect the man who, in the space of an hour, has coined the phrases "sad separatism" and "jihadi opportunists" to know anything about cheap sloganising. I ask the minister to reflect on the fact that those of us who are passionate pro-Europeans should not allow the Eurosceptics to hijack the referendum cause and that, instead, we should have the courage to put our convictions to the democratic test. I will also press him on ratification. The constitution is an international treaty, but a great deal of what the European Union does affects the Scottish Parliament's legislative competence. The constitution will in some cases entrench and in other cases change the decision-making processes and voting requirements on those matters, so it seems to me that the Parliament has a direct interest. Surely it flies in the face of the spirit, if not the letter, of the principle of subsidiarity simply to deny the Scottish Parliament any role at all in the ratification process.

Dr MacShane: On the first point, I accept that there are people who are pro-European and who make the case for having a referendum. The Liberal Democrats in London share that position. However, one has a duty of political honesty to acknowledge that the people campaigning for a referendum are the people who were campaigning against Britain joining the euro or to stop the common European defence policy. Money is coming in from very rich individuals and there is support from the newspapers that every day print propaganda against the European Union.

At the end of the day, if something walks like a duck and talks like a duck, it probably is a duck. The people who are campaigning very loudly in London—I will not comment on Scottish politics—for a referendum are principally, as Iain Duncan Smith made clear when he was leader of the Conservative party, doing so in order to say no to Europe. I do not think that we can reduce Europe

to slogans and plebiscites, but there we shall just have to agree to differ. I am a passionate believer in parliamentary democracy and debate.

On ratification, it is an international treaty. I do not think that the Generalitat of Catalonia or the Landestags in Germany will be deciding the policies of Spain or of Germany on the matter. It will be Chancellor Schröder and the federal Government, President Chirac and the Government of France, and Prime Minister Blair and the Government of Britain who will be accountable to the Parliaments to which they are accountable.

As the world becomes more involved internationally, it is right that the United Kingdom, through the United Kingdom Parliament—the Commons and the Lords—accepts its responsibility for matters to do with international relations and international treaties. I do not see that there is any realistic alternative. As far as I know, in the rest of Europe even the separatist parties are not saying that it is anyone other than the national Parliaments of the national sovereign states of Europe that will decide the matter.

Mr Home Robertson: I find myself reflecting on the fact that I was one of six Labour MPs who voted with John Major for the Maastricht treaty, because he happened to be right in taking that forward at the time.

I would like to take you back to my initial question, on the theme of subsidiarity, where Britain has been taking the lead by devolving and decentralising power. You were cut off in full flow on the theme of sad separatists but, leaving that aside, what scope do you see for decentralisation in other parts of Europe? Do you see an evolving role for nations or major regions within member states? Britain has made a start on that, but what about France or other highly centralised states? What scope is there for developing that type of subsidiarity in other parts of the European Union?

Dr MacShane: The main European state that has historically been highly centralised, France, is moving in the right direction. In other countries, such as Germany and Spain, there is strong regional devolution. In Spain, there is also national devolution in Catalonia and, tragically, in the Basque Country, which has a great deal of autonomy but is still plagued by the fascist terrorism of the breakaway separatists, ETA. Other countries have different constitutional arrangements. In Italy, there is a lot of strength in the city administrations, but there is also powerful regional government. I recently attended a meeting in Naples, where, in addition to the Italian Government, there is the mayor of Naples, the head of the commune of Naples and the head of the region, so we had four welcome speeches instead of one.

Everybody is following that example, which is also having a huge impact in the rest of the UK. On Friday morning, I shall be addressing a meeting in York organised by the independent election commission, Make Votes Count. I shall be arguing strongly for a yes vote in the Yorkshire discussion on setting up a regional assembly. I believe absolutely passionately that the success of the United Kingdom under the Labour Government since 1997 has been due to the significant transfer of authority and power away from the Westminster-Whitehall nexus. I think that that is where Europe wants to go, but finding the balance will be a continuing debate.

Europe is about partnership and bringing people together. We need to learn from good examples all the time. That is why we constantly say yes to the idea of Europe as a powerful entity but no to a single superstate. That is exciting politics. I hope that, in the rest of this century, British citizens and people engaged in politics from whatever party-political point of view—I apologise to the committee if flies have occasionally been cast today that perhaps should not have been—will be vigorous in our commitment to and participation in the European Union. We are in Europe. We are helping to run Europe. We need to make it a success for ourselves and for our fellow European citizens and a model of peace, prosperity, human rights and democracy for the rest of the world.

19:30

The Convener: Just before we close, I want to ask about the UK's presidency of the EU in 2005, which the minister mentioned. Does the UK Government envisage that Scotland will have any role in helping to host that?

Dr MacShane: I am glad that you asked me that. I can say that there have been very good bids—if I may use that term—from the Scottish Executive and from other devolved Administrations and other parts of the UK. No final decision has been taken. Certainly, I know that Edinburgh has previously hosted successful EU councils. I cannot make any promises, but I can assure you that no decisions have been taken yet. It is not as if we are hiding something.

Believe me that the Foreign Office spends a lot of time on all sorts of visitors—not only from Europe but from all over the world—who want to come to Scotland to see what is happening here. That is an enormous pleasure for us. For example, Mr Putin was up here. We spend a great deal of time acting as travel facilitators to bring our welcome guests to London and to show them one of the United Kingdom's stellar success stories, which is Scotland since it got its own Parliament.

The Convener: On that note, I thank the minister for speaking to the committee this evening. We will continue to take a close interest in developments around the IGC throughout 2004 and perhaps beyond. We might invite the minister back, if that subject returns to our agenda in the near future. As the minister is in Scotland for the next couple of days, he should feel free to pop into the Scottish Parliament chamber to watch these sad separatists debating with the ugly unionists. We will see how he gets on there.

It has been illuminating to hear from a minister who speaks his mind. I thank him and his colleagues for coming along this evening.

Dr MacShane: Thank you.

Convener's Report

19:33

The Convener: There is one further brief item of business on the agenda. My convener's report has only one item, which is the letter from the Scottish Executive on tripartite contracts and agreements. I hope that members have had a chance to look at the letter. If members are happy with the recommendation that we should note the letter and welcome the Executive's comments, we can close the meeting.

Irene Oldfather: It was helpful to receive the further clarification. We can see from the information that has been provided that some clarity is required from the European Commission and that the difficulty was not from within the Scottish Executive.

The Convener: Thanks. I close the meeting and wish everyone a good evening.

Meeting closed at 19:34.

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