

EUROPEAN AND EXTERNAL RELATIONS COMMITTEE

Tuesday 24 February 2004
(*Afternoon*)

Session 2

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EUROPEAN AND EXTERNAL RELATIONS COMMITTEE

4th 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 ALSO ATTENDED:

Mr Andrew Welsh (Angus) (SNP)

THE FOLLOWING GAVE EVIDENCE:

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

CLERK TO THE COMMITTEE

Stephen Imrie

ASSISTANT CLERKS

Nick Hawthorne
David Simpson

LOCATION

Committee Room 2

Scottish Parliament

European and External Relations Committee

Tuesday 24 February 2004

(Afternoon)

[THE CONVENER *opened the meeting at 14:02*]

Scottish Executive Priorities (Irish Presidency)

The Convener (Richard Lochhead): I welcome everyone to the European and External Relations Committee's fourth meeting in 2004. We have received apologies from Margaret Ewing MSP, but I am not aware that anyone else has sent apologies. I welcome Andrew Welsh, who is a visiting MSP to the committee.

For the first agenda item, I am delighted to welcome back to the committee Andy Kerr, the minister with responsibility for Europe and external relations. We have a full house today, so he is clearly very popular. We will hear from the minister on the Scottish Executive's priorities for the Irish presidency of the European Union—the Irish presidency began at the start of this year and continues until June. Later, we will have an opportunity to question the minister on the Scottish Executive's recently published European strategy.

Let me mention the format of today's meeting. The minister has asked to give us a presentation, which I understand will cover both the issues that I have mentioned. We will then ask questions first on the Executive's priorities for the Irish presidency and, separately, on the European strategy. Without further ado, I invite the minister to speak. Perhaps he will introduce his colleagues.

The Minister for Finance and Public Services (Mr Andy Kerr): Tim Simons and Alastair Wilson are with me to provide assistance where appropriate on the detail.

I thank the convener for his welcome. It is good to be back before the committee. I thought that it would be useful to give a presentation because, at the outset, I was concerned at some of the comments that I had read about the Executive's strategy. I thought that one of the best ways of dealing with that would be to cover both the strategy and the priorities for the Irish presidency. The reason for my concern—and I am happy to go into the matter in detail if the committee wishes—is that there was a bit of a misunderstanding among committee members. I thought that some

of the comments by committee members were unfair, shallow and glib—they did not reflect at all well on the committee.

I am happy to receive criticism on the Executive's strategy, but for the document to be maligned in such a manner was unfortunate, particularly considering the fairly positive response that it received from, for instance, the consuls in Scotland, the Foreign and Commonwealth Office and FCO postings abroad. The document's clarity of purpose was warmly welcomed.

Given the difficulties that might arise in this four-year session of the Parliament, with the six-monthly change of presidencies, European elections and other events, and an agenda that we need to follow here in Scotland, the committee's consideration of the document did not give due regard to the work that went into it. We may get on to some of that.

That was a bit of 360° appraisal. If the committee is quite happy to give us criticism and comment, I take it that the committee will take it in good spirit if I give it back when I think it appropriate to do so.

As somebody who has worked with strategy in my public and private sector lives in the past, I thought it was important to say what we are trying to achieve. We were not trying to produce the mountains of papers that could have gone with such a document, nor were we trying to take a light-touch approach. We produced a plan and formulation that gave some details on the methods by which we seek to achieve our objectives. We clearly, strategically and unambiguously laid out what we will do, whom we will work with, how we will work and when we will do things. That provides the committee with the opportunity to monitor the Executive's performance as keenly as I want to monitor it, because European matters go across the whole Executive and beyond and, as the minister with responsibility, I need to ensure that we are getting the full benefit of our engagement in Europe.

We could have produced a longer document and we could have produced a shorter document. I note that committee members suggested both, which would be difficult to achieve. Perhaps it is a measure of our success that some people have said that we should have provided more detail, whereas others have said that we should have provided less. Ten strategic pages on thinking and delivery was probably about right. I am sure that that will be a focus of the discussions that we are about to have.

Although I am happy to take cognisance of some of the views that are represented around the table, let us recognise that this is the first time that we have produced such a strategy. We should

also acknowledge that the strategy is not just for the EU, but for Europe, albeit that the vast majority of the work and the drivers of policy are within the EU.

The strategy is to last for the second session of the Parliament. It comes out of a fairly detailed piece of work that was undertaken by the First Minister and the ad hoc ministerial group on European strategy. It seeks to project forward some of the big issues that Scotland and Europe face and our need to ensure that our views are known and understood. As we work through the intergovernmental conference process, the First Minister's chairmanship of the group of regions with legislative power and other matters, the document will be an important piece of work for us. As I have said, there has been some positive feedback.

We ensured that the document was given to those who should have it—our partners in Whitehall, the Commission, the European Parliament, the European members information and liaison exchange and other bodies. I took time to mention the consular corps, the FCO and so on. We have done a fair bit of work and I will try to get out of today's meeting an increased recognition of that.

Some members' thoughts were dominated by how we issued the strategy. We launched the strategy on 20 January through a parliamentary question. It was sent to the committee in an appropriate way. We chose not to make a big song and dance about it because all that we have done in those 10 pages is to bring together our thinking. It is not as though what is in the document is anything new; it is a crystallisation of the mechanisms and the targets and objectives that we have set ourselves in the key policy, as outlined at the start of the document. To launch the document amid a big song and dance would have led to criticism, with people saying, "What is new in the document?" To be blunt, not much is new in the document; it is a statement of what we seek to achieve. It is a route map to 2007, particularly for the second session of Parliament, to ensure that we achieve some of our objectives. That is why the decision was taken to produce the document in the manner that we did. That is effective government.

It was useful to have the consuls at Victoria Quay, to present the document to them and to talk with them over a cup of tea following the meeting. That gave us a chance to engage directly with the consuls, who were appreciative of a document that provides clarity and allows them to report back to their nations about our strategy. They warmly welcomed the document. That puts into context how we took the document forward.

What are the goals? The document seeks to ensure that people understand that we have two overarching strategic goals, with which the committee is familiar. We want

"to position Scotland as one of the leading legislative regions"

and to ensure that we effectively influence our partners, such as the United Kingdom Government, other member states and other institutions, on policy issues that affect Scotland. The strategy is about setting out our objectives, how we will deliver them, whom we will work with and how we measure our success or otherwise in relation to our targets. That is a useful way of setting out what we seek to do.

We are not coming to this from a standing start. We are recognised in Europe as one of the major legislative regions in Europe and I think that we are punching above our weight. That is measured in many different ways, but clearly the First Minister's presidency of Regleg is important. We are also leading through our relationships with Bavaria, North Rhine-Westphalia, Catalonia and other nations with which we work closely. We want to build on those relationships and to develop them further. The document sets out some of that work.

The second goal is about bringing effective influence to bear on policy issues that affect Scotland. We are already doing that at the table in relation to the common agricultural policy reform package and the bathing water directive. We have focused on and targeted priority areas of work, on which we have delivered for Scotland. We want to become better at that, which is why we set out in the document the key areas that we see as being important to us.

The partnership agreement has an impact on our priorities and on what we seek to do. We want to ensure that the EU issues that the committee is concerned about and that we are concerned about, such as agriculture, fisheries, structural funds and the environment, clearly relate to the number 1 priority of the Executive—a shared priority of all of us who sit around the table—which is to grow Scotland's economy. That is central to many things that are going on in Europe, not least the Lisbon agenda. We want to ensure that our policy in Europe reflects the partnership agreement and the focus on economic growth. We must bring all those issues together in that context.

We must focus on the priorities and the mechanisms that exist to deliver them. We considered the different ways in which we could influence the EU process to achieve our goals and we grouped them into the areas of working with

Brussels and Europe, working with the UK and working within Scotland.

The strategy is about the targets, priorities and levers that are available to us to ensure that we deliver. We have already had positive feedback from some of the consuls and FCO officials on postings abroad about how effective the policy has been in setting out a clear strategy for Scotland. We have set out what we see as our areas of focus so that those who work with us will understand our desire to make the best possible impact in relation to our priorities and to influence the outcome of some of the very detailed discussions.

I will move on swiftly, because I know that committee members want to ask questions.

Mr Keith Raffan (Mid Scotland and Fife) (LD): Hear, hear.

14:15

Mr Kerr: Thank you, Keith. If you want, I will quote some of your comments about our strategy, which I think were extremely unhelpful.

Like me, the committee has heard from the Irish ambassador about the main priorities of the Irish presidency, so it is aware of what he has to say. The main priority is the IGC and what Ireland expects to do at that.

We are working to influence UK policy for the IGC. I will attend the meeting on 18 March of the joint ministerial committee on Europe to ensure that we continue to seek to influence the positive progress that has been made, starting with the Hain agenda, on the role of legislative regions in Europe. Enlargement is another critical matter and I am sure that that will be reflected in questions from the committee. The Lisbon agenda and the justice and home affairs agenda are other important issues.

Of great interest to us all are the international aspects of the global engagement that the Irish have focused on by taking forward work around the world and in particular in the middle east and Croatia. The Irish ambassador said interesting things about that.

Where does all that fit into the strategy? We need to focus on our areas of work, because we have limited resources—that is recognised. We must use our skills and the tools that are available to us as effectively as we can. As usual, we have considered the presidency's agenda. Each minister has provided committee members with a copy of their individual priorities and I understand that several ministers are following a process with relevant subject committees to ensure that the committees engage more fully. The strategy document is fairly lengthy, but it covers key and

critical issues, such as structural funds, fisheries, justice and home affairs, the IGC and Scotland's expanding role.

The document sets out where we are going. The conclusion is that the strategy will be useful to the committee's ability to measure, monitor and influence what the Executive seeks to do. The document is comprehensive and clear. It will allow the committee to monitor progress and measure our success or otherwise at future presentations and discussions against a set of indicators. We are determined to work with the committee to ensure that we proceed in that way. I am happy to answer questions.

The Convener: I remind committee members that although that presentation related to two agenda items, we will take questions first on the Executive's priorities for the Irish presidency, after which we will start from scratch with questions on the Executive's strategy document. I invite questions on the EU presidency.

Dennis Canavan (Falkirk West) (Ind): The biggest single event in the Irish presidency will be enlargement on 1 May. Of course, that is not a one-off event; it will have implications for a long time afterwards. Your documents mention the fresh talent initiative, on which enlargement has a bearing, as Scotland is one of the few countries in Europe, if not the only one, with a declining population. You and other ministers have also referred to the skills gap in some sectors. What are the implications of yesterday's statement by the Home Secretary for the Executive's fresh talent initiative, particularly during the Irish presidency, when enlargement will take place?

Mr Kerr: I must be fairly cautious, because as Dennis Canavan is probably aware, the First Minister will make a substantial statement about the fresh talent initiative tomorrow. Given due parliamentary process, I do not want to take away from what the First Minister will do tomorrow.

Our agenda concerns what we are doing in Scotland. We have had positive partnership working with the Home Office on issues such as the attraction of skilled labour and the retention of students who study in Scotland. Tomorrow, the First Minister will point out that what the Home Secretary said will not affect our agenda or how we seek to work to attract fresh talent to Scotland. The work that we are doing on the relocation service, on retaining students and on attracting skilled workers to Scotland will not be interrupted by what the Home Secretary announced yesterday.

Dennis Canavan: Yes, but will there not be some negative impact? Let us suppose that a worker from Poland or the Czech Republic gets a job in Scotland but that, like many jobs these days,

in the construction industry, for example, their position is temporary. Perhaps that worker finds that their job is terminated after a few months. It will take time before that worker finds another job. If the worker is to receive no welfare payments and is to be threatened with deportation or enforced repatriation, that will not do much good for the fresh talent initiative, will it? If workers from the new EU member states feel that that is the kind of welcome that they will get, that might discourage them from coming.

Mr Kerr: I think that you need to have a more strategic view of what we are seeking to do with the fresh talent initiative and of what the Home Secretary was trying to say in his recent statement, which was about a measured approach to the incoming of skills to the United Kingdom—and indeed to Scotland. A balance must be struck between the scenario that you present and what we are seeking to do, which is, through the work of consuls and the FCO abroad and the use of a relocation advisory service, to provide a focus on individuals. That should ensure that, on coming to Scotland, workers are provided with assistance and are able to do not just the sort of jobs that you are talking about, but those jobs that demand more specialised skills and talents, which we are looking for here in Scotland.

The scenario that you depict could happen, but I would argue that the fresh talent initiative goes much deeper than that, with the orderly migration and retention of talent in Scotland in relation to those who are over here studying. I do not dispute the scenario that you present, but I would not say that it represents the focus of the fresh talent initiative; the initiative's focus is very much at the higher end of the skilled migrant population.

Dennis Canavan: Will the Executive please pursue those matters with the Home Office, bearing in mind the different demographic situation in Scotland and the need to attract workers, particularly skilled workers, to Scotland?

Mr Kerr: I very much take that point. When you hear from the First Minister tomorrow, you will find that there has been some close working, which has given rise to some positive outcomes. That does not mean to say that the agenda does not continue, however.

Irene Oldfather (Cunninghame South) (Lab): Do you agree, minister, that the fresh talent initiative presents opportunities to promote interregional partnerships and that the exercise is not just one way? It occurs to me that, with the shortage of language teachers and so on, there might be opportunities to fast-track people through the fresh talent initiative—through the teacher training system and into our schools—and to promote interregional development with regions in eastern Europe. With Poland as one of the big

players in the EU now—not to mention in 20 years' time, given its economy's capacity to develop—there will be huge opportunities to develop the learning in Scotland of languages such as Polish and Slovak.

Perhaps we could tap into the fresh talent initiative not just as a one-way process, but in order to develop such partnerships and to link up with communities in Scotland. We have Polish and other communities in Scotland and, given the range of opportunities that could be opened up, it would be interesting to consider over the months ahead how we could further develop and link in with the First Minister's initiative.

It also occurs to me that the European Commission is considering the possibility of setting up an institute for language learning somewhere in Europe. I think that the Irish are quite keen to get in on that. I have lodged questions on the subject and I would like to put down a marker, or a bid, in relation to that if there is an opportunity to use the fresh talent initiative to link into some of those other ideas in looking to the Europe of the future.

Mr Kerr: I will add a couple of points to that. The fresh talent initiative is characterised by the incoming of people and their staying in Scotland. There is much scope for exchanges, secondments and skill development, which, crucially, can be taken back to the various nation states. The point is not to take the required skills, in particular of the accession states, which will undergo radical transformation over the next 10 years—we do not want to take skilled people out of their own nations. What we can do is share experiences, by setting up exchanges and secondments; we can bring people to Scotland to work here for a few years, so that they can go home with a higher level of skills than that with which they arrived and use their experience to bring more folk back to Scotland. The initiative is about that mixture. The media's presentation of the matter is all well and good, but, to be fair, there is a much deeper aspect to fresh talent. The example that Irene Oldfather gave about teaching was an appropriate one.

The Convener: I understand that the Polish ambassador to the UK said on Radio 4 last night that the UK's proposals were discriminatory. That is something that we might explore tomorrow when the statement is made in the chamber.

Mr Kerr: Indeed.

The Convener: The issue relates to enlargement and I note that, in your paper on ministers' EU policy priorities, you say:

"The Executive will also participate in the UK-wide public diplomacy campaign to mark EU enlargement".

Will you disclose any details of that campaign and what you expect your involvement to be? Given that there are only four months to go before enlargement, I am a bit concerned about that.

Mr Kerr: We have not yet finally nailed down our approach. As I think Dennis Canavan said, enlargement is not only an event, but a process. We are working with partners to ensure that there are a couple of events, in particular around the cultural and business side. I apologise for not being able to give you the level of detail that you might want, but it should not be too long before those events are signed off and the details come out—they involve funding arrangements in partnership with, for example, the City of Edinburgh Council and others to ensure that the events happen. On the business side, we will also support a learning event with business about research and development in particular—I could not remember the name of the event but I am being told that it is called crossroads for ideas. I will finalise all that quickly and give the details to the committee as soon as I can.

The Convener: The committee has noted that there is keen interest in Scotland's role in enlargement and in marking that event.

Mr Kerr: I apologise for asking a question—it might not be appropriate—but is the committee planning activities around that?

The Convener: Yes, we are considering some smaller-scale events, perhaps with the consular corps or other groups.

Phil Gallie (South of Scotland) (Con): I have three separate points for you, minister. First, I take no exception to your criticism—if I was included in it. I do not think that I would be doing my job if I was not being criticised by ministers.

In your opening remarks in the paper on the priorities for the Irish presidency, you establish that more than 75 per cent of the work load that is now carried out by the Executive and the Parliament is, in effect, controlled by Brussels and Strasbourg. One of the objectives of the presidency is to sign up to the new constitution. If that happens, by how much will that percentage rise? Will about 95 per cent of our work be dominated by things from Europe? If so, will that not, to some extent, turn the Scottish Parliament into a glorified council of implementers rather than initiators?

Mr Kerr: With due respect, Phil, your language gives the game away a wee bit. You talk about being “controlled” by Europe and about “things from Europe”. We are Europe and the UK's influence in Europe is fairly significant—Europe is not coming towards us across the North sea in a boat. The Parliament and the Executive, working in partnership with the UK Government, are

seeking to address some agendas that you would sign up to, such as the Lisbon agenda, which seeks to make Europe the most competitive economy in the world by 2010, in terms of research and development, exchange of information, broadband and all of that. The Lisbon agenda can also bring physical infrastructure links to us.

I have not sought to calculate by how much Europe's influence on the Executive's policy discussions might increase. I will try to give some thought to that, but I cannot give you a figure off the top of my head.

Phil Gallie: Okay, thank you. I think that a lot of people would be surprised that the current figure is 75 per cent. I will talk about Lisbon later, if I can catch the convener's eye when we consider the strategy document.

Given Mr Blair's red lines and the fact that the Irish presidency suggested that we are back at square one and that agreements that were signed up to must be re-examined, does the Scottish Executive have any red lines? If so, what consultation has the Executive had with the UK Government about them?

14:30

Mr Kerr: Through working with the UK Government, we strenuously seek to ensure that there is no roll-back on the role of legislative regions in Europe. There has been a significant step forward in how Europe will work with and consult legislative bodies outside nation state Governments. Bluntly, our focus is to ensure that there is no diminution of the Hain approach—as it has been characterised—and that we develop that agenda, if we can. If there is a Scottish red line, it is to ensure that we do not lose the gains that the negotiating process has made so far. To be fair, the UK Government is fully supportive of the gains.

Phil Gallie: Finally, the Irish presidency's objective is to ensure that energy is in constant supply across Europe; it uses the phrase “security of supply.” Can the minister give me guidance on the Scottish Executive's targets of having renewables established at 18 per cent by 2010 and 40 per cent by 2020? What thought has been given to the proportions of wind, wave, water and solar power in the make-up of the renewables targets? I recognise that it might be difficult for him to pick up on that question immediately, but I am more than happy for him to write to me on the issue and provide details along the lines that I indicated.

My other two points are, first, has the minister had any contact with either Northern Ireland or the Republic of Ireland regarding the use of the

interconnectors there? Secondly, has there been any contact with the wider UK and France on the interconnector with France?

Mr Kerr: I will have to come back to Mr Gallie on the details that he has requested.

The Convener: That would be appreciated.

Mr Kerr: I heard Jim Wallace say on television that we would achieve the 40 per cent figure in the agreed time scale, so it must be true.

Phil Gallie: Even the minister's own party members are laughing at that one.

The Convener: I remind members that if they keep their questions concise at this point, I will let them back in later. Members do not have to ask three or four questions at once.

Mr Raffan: Minister, taking up your challenge for constructive criticism, I want to return to the point about the accession countries. I have a list of five issues to do with our relations with the accession countries, two of which we have covered. The first is immigration. I agree with you that we do not want to drain the accession countries' best people—that is an important point.

The second issue is training. The document on the presidency's priorities refers to the Scottish police, the Northern Ireland police and the Latvian police. Can you give one or two other examples of training exchanges, which is an important issue?

The third issue is educational exchanges. If I have a criticism of the strategy document and the document on the presidency's priorities—which overlap—it is that they refer to educational exchanges but do not give examples or indicate the amount of money that is available. It is important that such exchanges happen on three levels: higher education, further education and secondary education.

The fourth issue is infrastructure projects. I think that I mentioned previously that when I was in Lithuania in September the ambassador said that there would be €43 billion-worth of infrastructure projects there over the next three years. Clearly, one way of getting back the structural funds that we are about to lose, so to speak, is by tendering for rail and infrastructure projects.

The fifth and final issue is trade. I am aware, of course, that three trade delegations are going out this year to Poland, the Czech Republic and Latvia and Lithuania jointly.

I would be interested to know whether you think that there are any other issues. Perhaps you can flesh out one or two of the points that I raised, particularly the one on educational exchanges.

Mr Kerr: We are involved in an education programme—I apologise for not having the name

of it on the tip of my tongue—which we are supporting fully and which is part of a Europe-wide strategy. On the questions that you raised, I will get you more detail on the education strategy from the appropriate ministers.

On the exchange of ideas, we have been in the Czech Republic sharing our experience of and expertise in working with structural funds. We are working elsewhere in Europe on a similar basis to ensure that the lessons that we have learned and the transferable skills that we have in Scotland are used effectively in the accession states. On economic growth and enlargement, we have been working, and are continuing to work, throughout the accession states on supporting individual businesses through the Scottish Council for Development and Industry and Scottish Development International. We work through the forum that we have in Scotland, which highlights through business interests what is going on throughout Europe and the work that we are doing to support that.

There are many individual success stories that are not reliant on Government but are a result of companies recognising good business opportunities. There are good examples of that in Poland and the Czech Republic, where we have been involved. It is sobering to note—these are only today's figures—that 4.5 per cent of Europe's gross domestic product rests with the 10 accession countries. It is clear that that figure will grow. On relative focus, we need to ensure that we use our resources effectively. That is not to say that we are not interested, because we are—I have met a number of ministerial teams from the accession states in their different shapes and guises—but we need to consider the context of where we are in Scotland and with whom we are working and trading to ensure that we continue to do the good work that we are doing just now as well as develop relationships with the accession countries.

Mr Raffan: Perhaps you could let me have a note of detailed examples of training and educational exchanges.

I do not know whether you have read Tom Devine's book, "The Scottish Nation 1700-2000", but there are five pages in it under the sub-heading "Lithuanians". I was completely ignorant of our long-standing links with Lithuania. There was a Lithuanian school in Glasgow and some of our population are of Lithuanian descent—such as some rather distinguished members of the Tory party. The situation is similar with Poland. In and around Perth there is a big Polish community that dates back to before the war. We have strong historical links and we should be making the most of them. They are an advantage that we have over others.

Mr Kerr: Yes, indeed. We are trying to do that.

On your previous point, I now have the names that I was looking for. The programmes that we are involved in are: Socrates, Leonardo da Vinci and Tempus. I take your point and I am happy to correspond with you in greater detail.

Mr Raffan: I was going to ask about Socrates, but perhaps you will come back to me on it.

Two directives relate particularly to immigration and the exchange of skills: the directive on the internal market and services, which is mentioned in your document on priorities for the presidency; and the directive on mutual recognition of professional qualifications. Both relate to the issues that we have been discussing, such as fresh talent and skills. We do not want to drain skills. How do you see those directives impacting on our relationships with the accession countries?

Mr Kerr: We are talking about valid Europe-wide initiatives that allow individual nations to respect and understand one another's systems of accreditation of learning. I do not think that they will have a particular impact on our relationship with the accession states. They will allow skills to be transferred easily between nations, which is very valuable. On the tricky issue of medical qualifications, which has been prominent in discussions, and civil engineering qualifications, if the directives progress in the way that they should, having something on which to base an understanding of the interrelationship of qualifications and benchmarks across Europe will help the process. For example, that would help someone from an accession state to get to a higher level in Scotland and transfer the skill back to their home nation. That will be a valuable and positive step forward.

Mr Raffan: It will make the training initiatives between countries easier and perhaps more substantial.

The Convener: If the minister could copy his letter to members or to the clerks, that would be helpful.

Mr Kerr: We will probably write to you; that way, the letter will go to everybody.

Mr Alasdair Morrison (Western Isles) (Lab): I return to the fresh talent initiative in the context of the Irish presidency and beyond. As the minister and all members know, there are many parts of Scotland—including my constituency—that are, sadly, synonymous with emigration. The fresh talent initiative will apply to all parts of Scotland. I hope that the minister and his colleagues will reflect on the work of the UHI, which is already attracting students from across current EU borders and beyond.

I do not expect the minister to give me a definitive response today, but in realising the aspiration of giving greater impetus to attracting undergraduates to the likes of the UHI, would it be appropriate for the letters of guidance to discuss with the funding councils the way in which funds are deployed? Could they say that what the new emerging collegiate university in the Highlands currently does should also be a part of what the universities in central Scotland do? That would help to acknowledge the way in which the community that I belong to was shaped, informed and developed by the presence of Italian families for the past 60 years and Asian families for the past 80 years. The UHI could play a pivotal role along with Highlands and Islands Enterprise.

Mr Kerr: There are huge opportunities. The Executive's broadband strategy and green strategy will assist with that process.

The UHI is being proactive about the undoubted quality of life in Scotland. That is a part of the fresh talent initiative that we have not mentioned—how we sell Scotland and make sure that people who come to Scotland have a positive experience and understand and can appreciate the quality of life that they and their families can have here. All those points neatly dovetail into the issues that members are raising with me.

On the funding councils, I am more than happy to take up that issue separately with the appropriate minister.

Mr Andrew Welsh (Angus) (SNP): I refer the minister to the proposal for a regulation on public service requirements and the award of public service contracts for passenger transport. Apart from the Glasgow underground, how will that proposal affect Scotland? What is the Executive's attitude towards it?

Mr Kerr: With respect, that is a very specific question about transport that I would rather relay to the Minister for Transport to deal with directly. I would not want to mislead the member in any way. I have a broad, not detailed, understanding of such issues. I appreciate that that is not the answer that Mr Welsh is looking for but I am happy to make sure that the appropriate minister responds.

The Convener: If you could do that, I will make sure that Andrew Welsh gets a copy of the response.

Mr Welsh: I apologise if that question was too specific and I look forward to reading the answer.

European transport systems are highly developed, integrated, fast and economical. Scotland's problem is getting to them. What proposals does the Executive have to improve Scotland's transport links—both existing and

proposed—with the European network? That is crucial to our industry and I hope that it will be a priority during the Irish presidency.

Mr Kerr: The Lisbon agenda also acknowledges weaknesses in the infrastructure in Europe and seeks to address some of them. We put resources into supporting air services, for example, and ferry services receive substantial support from the Executive—the ferry service from Rosyth, which was assisted by the Executive, has been very successful. We acknowledge and recognise that we have a significant role to play. Executive spend on transport will rise to £1 billion by 2005-06. Again, as is the case with everything in life, the debate is all about priorities.

A couple of very positive announcements were made in respect of some of the routes that we have managed to achieve. The Rosyth ferry is a good example of how we can move forward. The completion of the central Scotland motorway network also assists in the bigger issue of strategic infrastructure and getting goods to market and people to jobs.

A lot is going on in the Executive in relation to transport, and a lot of money is being spent. However, given the particular position in which Scotland sits in Europe, I recognise that more should and could be done in laying down a longer-term, 10-year planning horizon for transport projects. To be blunt, our difficulty is delivering on projects that we have agreed to, as they have taken a long time to go through planning and other processes. We need to ensure that we deliver on those projects.

We recognise that transport is absolutely critical for the movement of people and services. Indeed, it is also critical for tourism and the fresh talent initiative that we ensure that the transport links are in place. We need to ensure that our airports are welcoming and that we use the right tone and give the right level of support to people when they arrive in Scotland, however they do so. A big package of measures across the Executive and our partners is required to ensure that that happens. I am sure that people will always be able to pick holes in certain areas in which we have weaknesses in our links, but we are seeking to address those.

14:45

Mr Welsh: The point is that the central European countries that are joining the European Union give a focus to central Europe. It is crucial that Scotland is not peripheralised.

Mr Kerr: When I was in the Czech Republic, it was interesting to see the way in which the motorway network was being redesigned. The refocus from east to west and the turning over of

the rail and road infrastructure in particular was happening before my eyes. I appreciate the point.

Although Scotland has unique problems, it is clear that we also have unique benefits. We need to ensure that we get the right balance.

The Convener: I know that we are keen to move on to questions on the Executive's European strategy so perhaps we could finish this discussion with a question from John Home Robertson.

Mr John Home Robertson (East Lothian) (Lab): I hope that it is a quick one. It is on the subject of workers from the accession countries coming to work in Scotland. Up until now, we have concentrated on skilled workers. However, it is important to bear it in mind that quite a number of unskilled workers come to Scotland from the accession countries and elsewhere.

With the benefit of some constituency experience, I want to flag up on behalf of those people the need to be careful that they are not exploited. We know the story from Morecambe bay and the concerns about exploitation there. The situation in my constituency might not be as bad as that, but the exploitation falls into two categories. On the one hand, workers who do not know their rights are expected to work long hours for low pay—perhaps below the national minimum wage. On the other hand, there is a knock-on effect on local employees whose jobs can be undermined by the presence of those workers.

I realise that the matter is overwhelmingly a reserved responsibility. However, I want to express the hope that Executive agencies, the enterprise network and other agencies will work closely with the UK Government to protect people from exploitation in circumstances such as those that I have outlined and also safeguard the rights of Scottish workers.

Mr Kerr: I can give John Home Robertson the assurance that we are seeking to do that. The recent story about national health service workers was of great interest to us. The Health Department has been working on the issue since the story broke. We have a direct influence in that instance as the NHS is the contracting organisation. We have learned from the tragic circumstances of the Morecambe bay incident. As an employer, we will act to influence the contractual situation directly whether through the public services or by working with the enterprise agencies. The point is well made. We are on the case.

The Convener: Okay. Are you happy with the reply, John?

Mr Home Robertson: Fine.

Scottish Executive European Strategy

14:49

The Convener: If the minister is happy to do so, we will move on to the next round of questioning, on the European strategy. Given the great demand, I hope that we can have at least half an hour for questions on the subject.

In my role as convener of the European and External Relations Committee, I addressed the East of Scotland European Consortium yesterday. As members will be aware, the consortium comprises local authorities that represent about 2 million of Scotland's population. Members of the consortium brought to my attention their disappointment with the lack of reference in the strategy to local government, its contribution to the strategy or the role that is envisaged for local authorities.

Having reread the strategy, I think that the consortium seems to have a point. A number of councillors—from Labour authorities, it has to be said—asked me to make the point vociferously, which I promised to do. Perhaps the minister will comment on that.

Mr Kerr: We seek to work with all agencies and organisations; in that sense, the strategy is all-encompassing. Clearly, a local authority is a democratically accountable organisation that is elected under its own steam. Perhaps a reference could be made to the fact that local authorities are part of the process. However, they have European networks and strategies that are very well developed, and they work well in their partnership areas. I can have a discussion with the local authorities to ensure that they understand clearly not only that we are seeking to work in concert with all those who are signed up to the big issues in Scotland around economic growth but how we deal with the big European issues that come our way.

Local authorities have a clear interest in the way in which the structural funds issue is developing under the third cohesion report. They are integrally involved in that process. My officials may have something appropriate to say about their contacts with officers in local government. This is just part of our work.

Alastair Wilson (Scottish Executive Finance and Central Services Department): Obviously, the point that the convener made is noted. It is implicit in the references to working with partners that those include local government. If local government is not excluded explicitly, there is no

reason why that should happen. We work with local government partners in a very structured way—structural funds are the classic example of that. It would not be possible for us to do that work in any other way. A huge amount of work is being done with local government partners.

The Convener: Your comments are very helpful. The members of the consortium had all read the document and had identified the lack of a reference to local government as the glaring omission. They wanted me to highlight that to you.

Dennis Canavan: The Executive document refers to

“securing economic benefits for Scotland from EU Enlargement.”

What potential economic benefits has the Scottish Executive identified? Which sectors of the Scottish economy are likely to be the major beneficiaries? Which of the accession countries are likely to be partners in the provision of those benefits?

Mr Kerr: I will deal with the last question first. At our first meeting, I said that we need to match our resources to the priorities that we can afford to fund. We are examining all the accession states to identify the best place on which to focus our effort. That is not to say that Scottish Development International and other parts of public and private Scotland are not working in those states. Work is under way at the moment, but because we cannot do everything we are having a focused discussion about where best to concentrate our resources. Every minister from an accession state whom I have met is keen to have links with Scotland, but they are also keen to have links with many other parts of Europe. We need to ensure that we get the marriage and the balance correct.

What work are we seeking to do? We see huge opportunities in infrastructure development and growth, in particular. I refer to transport and civil engineering. Much work is being done, publicly and privately, with many of the accession states. Money will be spent in many of those nations to improve their infrastructure. We need to ensure that we take advantage of initiatives such as public-private partnerships and that we engage with the private sector to secure funds for the development and delivery of large projects.

In Scotland there is also huge interest in the technology sector. Financial services are another important area that Scotland can develop in those marketplaces. We must identify the sectors that are strong in Scotland and that are transferable. We have a good track record in some areas and want to ensure that those become part of our strategy.

We need to be careful when dealing with industries that may be affected by accession.

There are interesting challenges for us in agriculture and food, in particular. We must strike a balance between what we are good at and want to deliver and the impact that accession could have on the Scottish economy.

Dennis Canavan: What about the export of manufactured goods from Scotland to the accession countries? Have potential markets for such goods been identified?

Mr Kerr: In manufacturing, that depends on the infrastructure projects. Companies in Scotland such as the Weir Group and Rolls-Royce that have international operations are examining and being proactive about their European strategies. Many of our leading manufacturers are already involved in big water and power projects.

Mr Raffan: I have a question about Regleg.

Irene Oldfather: It is pronounced with hard g's.

Mr Raffan: Sorry.

Our presidency of Regleg seems to be passing quite quietly. What are our key priorities? What is our programme? I have heard—dare I say it?—criticism that we should perhaps have prepared our programme earlier, under the troika arrangements. What meetings are planned leading up to the conference in November? The Irish presidency has shown itself to be quite imaginative in a number of single-issue conferences, and I wondered what we were doing.

Mr Kerr: I take Mr Raffan's point about the troika arrangements and getting things in place quicker. I would be happy to come back to the committee soon with full details. A draft plan is available with a series of dates, engagements and events. It has not been signed off yet; that will be for the First Minister.

Mr Raffan: I am sorry to interrupt, but we took over in November, did we not?

Mr Kerr: Yes. There are set agenda items for meetings that will happen, but individual events that we are arranging under the First Minister's leadership have yet to be signed off. Fairly substantial negotiations will be required with our partners in Regleg. There will be opportunities as soon as the programme is issued, which will probably be within the next month or so. These things will not come as a surprise to our partners, because they are all involved in discussions on what we are going to do.

Mr Raffan: I am glad that you support my pronunciation of Regleg—with soft g's—and not Irene Oldfather's. I do not know which is correct though.

On page 5 of the strategy document, you talk about using our presidency to influence positively various developments in the follow-up to the

IGC—to do with pre-legislative consultation and impact assessments of draft legislation. Could you say some more about that?

I also want to ask about building relations with other regions. At the moment, the document talks about

“Catalonia, Tuscany, North Rhine-Westphalia and Bavaria”.

There are two regions in Germany but France seems to have been missed out.

You will remember that I have spoken to you before about the fact that the Welsh, instead of having bilateral arrangements as we have, have one single agreement—the motor regions agreement—with Rhône-Alpes, Baden-Württemberg, Lombardy and Catalonia. Catalonia is the only region common to both our agreements. How do you see us building relations with other regions? We have the existing four, but which others are next in the queue? Building our influence in Europe is important. That theme runs right through the strategy document.

Mr Kerr: Earlier, I spoke about the decisions that we have to make based on our priorities and resources, to ensure that we do things effectively. We must first ensure that the partnership arrangements already in place—with the focus on trade and industry, culture and other areas—are working effectively. To be blunt, we have to pick our partners very carefully and ensure that, in this second session of the Parliament, we use our partnerships effectively. There is nothing worse than partnerships that do not deliver. We have to make appropriate choices if we are to be influencers in Europe and are to be recognised as major players.

I will have to come back to the committee. I do not want to move into these matters, because enough is going on in our efforts to influence other aspects in Europe. We may need to expand the number of partnership arrangements, but we need to be careful. Should we be looking to the accession states, to the existing member states, or to both? Real resource implications arise. I am therefore not prepared to say how many arrangements there should be, or with whom. However, members can rest assured that part of the strategy is to do more. We need to ensure that we pick the right players to get the best benefit for Scotland.

Mr Raffan: In the anniversary year of the entente cordiale, it would be good to forge that missing link before the French get too upset. After all, we have partnerships with Spain, Germany and Italy, so it would be a good idea to have one with France as well. We have long-standing connections there—even longer-standing than our connections with Poland or Lithuania.

Mr Kerr: That is true. The First Minister had a very successful visit to France last week in relation to the entente cordiale. He had a very successful meeting with senior French politicians and senior players in the business community. There is recognition of Scotland's role in the world, especially in France. However, whether we cement that through a formal relationship is another matter.

15:00

The Convener: To pick up on Keith Raffan's theme, you mentioned that you have limited resources and that you think that there is nothing worse than partnerships that do not deliver. In that case, how do you prioritise whom Scotland should be trying to build relationships with? Should we prioritise the accession states that will come into the European Union through enlargement? Should we build on the four co-operation agreements with Tuscany, Catalonia and so on? We have the Scotland in Sweden week, the Scotland in Holland week, the entente cordiale with France and so on. Whom do you consult when you determine the priorities?

Mr Kerr: Apart from the informal way in which we work with business organisations, civic Scotland, local government, various people who have ideas and representatives of other nations who visit the Executive and the Parliament, the primary source of consultation would be through the Scottish international forum, which I chair. Its sub-groups seek to identify opportunities related to events or anniversaries and where the best economic impact might be made.

The forum represents the best way of making those judgments in public, but there is also an informal way of making such judgments that involves people making visits to Scotland, engagements abroad and, indeed, ideas that are raised by politicians—Keith Raffan has made his case forcefully and we will need to consider it.

The Convener: I am sure that we will explore that in our inquiry into promoting Scotland worldwide. However, given that Parliament could help in the forming of relationships, it would be helpful if Parliament knew exactly what the priorities are.

Irene Oldfather: A lot of work is being done in that regard, particularly in our relationship with Catalonia and Tuscany. Schools in my constituency are twinning with schools in Tuscany—indeed, kids from extremely deprived areas are attending an art school in Pisa. The practical benefits of such partnerships will sell the idea of Europe to those children's grannies, grandpas, aunties and uncles. It is important to follow through such work—clearly, such projects

promote the twinning of ordinary young people rather than politicians.

The minister has said that it is important to work with key stakeholders in Europe and that he wants to maximise the benefits of Scotland being a key player in Europe. It seems to me that cohesion policy will be extremely important in the next year or two for everyone, not just the Irish presidency. At a meeting of the Committee of the Regions a couple of weeks ago, I raised a point with Commissioner Barnier about the fact that regional policy and competition policy should not run as two parallel lines but should integrate and work together. Too often, competition policy has worked against regional policy and not in partnership with it. Commissioner Barnier fully agreed with me and said that people are keen for that point to be developed in the cohesion discussions over the next year to ensure that the two policies work together. I wanted to raise that with the minister so that the Executive can keep a close eye on the matter when it has discussions with the United Kingdom and the European Commission.

On the back of that point, I want to ask about the European Commission's decision about Charleroi airport. Has the Scottish Executive had any input to UK ministers on that issue? At last week's meeting of the Committee of the Regions, the Irish made it clear that they are not happy with the situation. I do not know whether it is still possible for the issue to be examined, but it is an example of a situation in which competition policy and regional policy should be working hand in hand instead of running along two parallel tracks.

Secondly, a number of things will come on to the agenda in the future. The UK will be a key player in 2005, when we will have the Council presidency. Regleg will also have an end-of-year conference, which will no doubt be hosted here in Scotland by the First Minister. I want to ensure that we work in partnership with the Executive to increase Scotland's profile in Europe and Europe's profile in Scotland. Colleagues on the Committee of the Regions have already asked me whether a fisheries council meeting will be held in Scotland during 2005. There would be quite a bit of support for something like that.

What are the minister's views on those issues?

Mr Kerr: You have pointed out the contradictions in policy. Bluntly, such contradictions sometimes occur at European, UK and Scottish levels and it is right and valid for you to point them out—especially the contradiction between cohesion policy and competition policy. I take that point, which will colour our thoughts and discussions.

The point is further highlighted by the Ryanair decision, which was of great concern to us. The

Minister for Transport is working on the issue. The decision is not as bad as it seemed at first because of the specific aspects of the case. Nonetheless, it will have an impact on our extremely interesting work in providing support for connections to certain destinations. Although the decision is much more limited in extent than was originally thought, which is somewhat reassuring, we will continue to work with UK partners to ensure that the regional policy aspect of air travel is recognised in the discussions.

I take your point about Regleg—which I will pronounce as “redge ledge”. Through whatever we do in Europe and through the profile that one gets as a result of events such as the Regleg conference, we want to sell Scotland and maximise the economic impact. You can rest assured that we will make the maximum that we can of events or meetings that take place in Scotland.

Phil Gallie: One issue that is missing from the strategy document, although it is referred to in the Executive’s priorities for the Irish presidency, is the Executive’s plans to attract students to Scotland, particularly from the accession countries. Was there a deliberate intention to drop that from the strategy document because of the difficulties that might arise around funding those students? We need to bear in mind the fact that if students from, say, Slovenia return home, it will be difficult to claw back their graduate tax contributions. Has the minister given any thought to that?

Mr Kerr: No, I have not as yet, but I will raise the matter with the appropriate minister.

The fresh talent initiative seeks to attract students from all round the world. It is interesting to know that, for people outside Europe—for instance, in America—the cost of education in Scotland is very attractive. We offer a value-for-money environment in which to educate American kids. Therefore, the talent initiative is concerned not only with what the accession states can offer. Scottish education is a brand that is recognised worldwide and we need to ensure that it remains so. Our ability to attract students from all round the world is an area that the Executive is working on.

I must defer to my ministerial colleagues who could give a more detailed answer to your point about tax and so on.

Phil Gallie: Thanks. I thought that, as Minister for Finance and Public Services, you would be able to grasp that issue.

I want to pick up also on your earlier reference to the Lisbon agreement. The strategy document rightly refers to the importance of economic growth and to Scotland’s position in the European tables and so on. The recent report to the European economic and financial affairs council meeting on

10 February indicated that Europe is just not delivering economic growth. Do you have any concerns about the effect that that is having on Scotland?

Do you feel that, within the Lisbon agreement, a conflict arises from the requirements for competition, which Irene Oldfather was talking about a few minutes ago, and the requirements to meet social objectives, creating a situation in which the economic targets are just not being delivered?

Mr Kerr: The synthesis report on delivering the Lisbon agreement indicates a number of problems with delivery of the strategy. Most commentators report that nation states that have signed up to the principles are finding it extremely difficult to deliver the strategy, and some of the indicators show variance across Europe.

Lisbon is about the way out of social exclusion, which is employment. Your second point is addressed by the first point. If people are in gainful employment, many of the ills, not just of Scotland but of countries Europe-wide, will be resolved. The target is to make Europe the most prominent economy in the world by 2010, with levels of employment, other than transitional levels of employment, that are extremely low. Therefore, the social objectives will be met by the fact that, across Europe, there are conditions of employment, taxation systems and social security systems that reflect nation states’ desires.

I do not necessarily sign up to the contradiction that Mr Gallie presents with reference to what Irene Oldfather said. I strongly believe that the Lisbon agenda, the employment agenda and making Europe a vibrant and strong world economy will deliver much of the social agenda, which involves putting people into employment so that they can earn a living and pay taxes that can be reinvested in public services.

Phil Gallie: When you consider employment right across the European Union, you see that employment is falling and unemployment is rising. I agree with you that employment is almost certainly the key, but what can we do to change the situation in the European Union?

Mr Kerr: If we bring in 10 accession states that require substantial investment, that in itself is an economic multiplier for the other nation states in Europe. The earning capacity of people in those nations and elsewhere in Europe and the productivity of their economies will dictate the wealth-generating agenda, which seeks to address some of the problems that you have highlighted.

Another aspect of the matter is that we have had some interesting difficulties in the worldwide economy of late, in relation to international

terrorism, 9/11 and the Iraq war, and those things have had an effect on trade. Obviously, we take a close interest in the US economy as well, which is a lightning conductor for the worldwide economy. I return to the fundamental point that, in Europe, accession offers opportunities for all, not just for those nation states in which infrastructure and education investment will be made, but in those economies and societies that will be drawn upwards relative to the rest of Europe. Other European nations also have the opportunity to benefit from that in terms of trade, which increases Europe's overall wealth. Again, there is a multiplier effect if people are in employment and spending, and that is what we seek to ensure through the Lisbon agenda and other European strategies.

The Convener: Has there been any Scottish assessment of how our economy is doing in relation to achieving the Lisbon agenda?

Mr Kerr: I have to say that I have asked the question without getting the answer. When the synthesis report came out, I wanted to find out exactly where we sat within it, but I do not have the responses yet. It is one of those areas on which I would be happy to correspond with you.

Mr Welsh: In the face of so many initiatives, co-ordination will obviously be essential to maximise efficiency and effectiveness. How does the Executive plan to ensure that EC business is mainstreamed in the work of departments and the policy divisions in the Executive, as well as in non-departmental public bodies and other agencies? How does it plan to ensure a common approach to EU business?

15:15

Mr Kerr: I would argue—and I do not mean to be complacent—that we are effectively mainstreaming within the Executive. Every six months, we have to consider the priorities of the presidency and see exactly where our interests lie and what we seek to achieve. We need to address external influences on us, whether from the financial services directive or other sources. We have achievements to make in agricultural reform and fisheries that are important to us. We seek to balance what comes to us with what we need to do in Scotland. The bathing water directive and waste water treatment directive provide another good example of that. Those are two sides of the same coin.

The Executive addresses those issues through focused pieces of work. Andrew Welsh will not have been party to it, but we have issued to the committee a document that sets out each department's priorities on matters European for six months. I monitor those priorities, which become part of the bigger process in the strategy

document. As I said, we have tried to describe the broad strategic aims and policy priorities for growing Scotland's economy, increasing trade and ensuring our position in Europe. Those matters affect us now; other issues that will affect us are external influences such as the IGC and new directives. Those issues are mainstreamed in the departments with which they sit most appropriately. I oversee those activities, to ensure that nothing falls out of the system that could lead to a large or small difficulty in Scotland. Individual departments are responsible for their work, but I try to oversee achievement of the priorities and the six-monthly presidency targets.

Mr Welsh: I appreciate having that answer. I wanted to ensure that all initiatives are focused.

The Executive's stated goals are influencing the EU process to deliver and securing economic benefits. What strategy and policy priority in Europe will deliver for the Scottish fishing industry?

Mr Kerr: A big discussion continues on some details of the fisheries deal. Allan Wilson will appear before the Environment and Rural Development Committee tomorrow and I am sure that he will touch on the issue. Many ministers have talked about some of the deal's successes, so I will leave the matter to Allan Wilson to deal with in detail.

Mr Raffan: Given enlargement and the loss of one of Scotland's MEPs, it is important to make the most of our MEPs and to use them highly effectively—the strategy document uses the phrase “team Scotland approach”. Are the Executive's six-monthly meetings with MEPs sufficient? How regular are meetings between individual MEPs and ministers? That depends on MEPs' committee assignments and how they tie in with ministers' responsibilities. Is there room to develop EMILE in that regard?

Page 5 of the strategy document refers to the new public procurement directive, which will make significant changes to current rules and is important for the delivery of public services. If you cannot say now, perhaps you could send us a note on how that ties in with the Gershon report in Whitehall, which was leaked to the *Financial Times* a week ago yesterday, on 16 February. That report deals with public procurement and its relation to public services. We do not want to reinvent the wheel. We should learn from the Gershon report, which is a thorough and effective document that the chancellor commissioned, for which I praise him. How will that report dovetail with the important EU public procurement directive?

Mr Kerr: We can do better in dealing with MEPs. EMILE offers an opportunity for structured

discussion, but that is not to say that that is all that happens. I and other ministers are in contact with MEPs. For instance, Catherine Stihler undertook a focused piece of work on the bathing water directive. As she is an individual MEP, her work was probably not noticed by many as it was going on, but it had a substantial benefit for Scotland.

The formal structures do not seem to be engaged enough and I acknowledge that we could do better. However, the physical difficulties of arranging meetings are extremely hard to deal with. We have sought diary dates, but that is becoming more difficult. I am happy to consider the issue, because I am uncomfortable with seeing the MEPs only once every six months—although do not get me wrong; I talk to them on the phone and, when I am on the continent, I take the opportunity to meet them.

EMILE is a bit like the Scottish international forum. I am trying to get a firmer grip on the international forum to make it much more action oriented and to ensure that it is not just a talking shop but delivers. We have set out some strategic work for the forum to do. We went round the forum members and asked, "Is the forum working? Is it working for you? What could be done better with regard to the frequency of meetings, timing, minutes, action points and working groups?" There is a similar job to be done in relation to EMILE. People in different walks of life are being asked to give up valuable time and we need to do work on whether EMILE is delivering value for them. I would like to do some research around EMILE. It is useful as it stands, but following such work it could be more useful.

The standard phrase is, "We never discuss leaked documents," but on Gershon and the work that we are doing in the Executive, I can say that procurement is a critical way of ensuring efficient public spend. However, the policy is perhaps contradictory. As we move to e-procurement systems and centralise procurement, we attract larger suppliers and so make smaller suppliers subcontractors of the larger suppliers. On the economic benefit, many of Scotland's companies are squeezed if we go too big, because the procurement process becomes unwieldy and the application processes and the hurdles to be overcome to get on tender lists become much more difficult. There is a balance between ensuring that we get value for money and not excluding many businesses from the procurement process. Business organisations have reminded us of that. There is a balance between the directive, the policy and the practice.

The Convener: I will pick up on a couple of points before we close the session. I have two points on the relationship between the Scottish Executive and Whitehall in pursuing a UK line in

Europe. First, there are a number of informal Whitehall committees on which the Scottish Executive is not represented. Have you looked into that, with a view to either making available information on what happens at those meetings or ensuring that the Scottish Executive is represented at them? Secondly, have you looked into feeding back to this committee and Parliament the agendas of meetings of the joint ministerial committee on Europe or of similar forums?

Mr Kerr: My understanding is that if we want to be on a Whitehall committee on a subject we will be. If the subject has a direct impact on Scotland or is within our locus, we will be there if we want to be. If there is anything in which we have a direct policy interest, we can and will be represented. In respect of the Wall-Grant committee and other work, we are there around the table, for instance. If we think that we should be on a committee at Whitehall, we will be there. We might not appear in the minutes as having been at a meeting, but we can be there if we want to be. The issue is about selecting where it is best to have an impact and make an input, and determining whether it is appropriate to do so.

Dennis Canavan: Has there ever been a case of the Executive asking to be present at a committee and that request being refused?

Mr Kerr: Not in my time, is my understanding, but I will happily investigate and ask the system the question. In my time I have never had an official come to me and say that they wanted to go to X committee or officer working group and they were unable to go. That is my understanding of the position, but we can delve into the system and see what we come up with.

I am not sure about the status of agendas for meetings of the joint ministerial committee on Europe and whether they are public or private. I will happily look into the confidentiality or otherwise of agendas. It is not my meeting, so I would need to examine that.

The Convener: With pre and post-council scrutiny, the committee gets bullet points and headings. I do not know whether the committee shares this view but I think that it is difficult for parliamentarians to understand what is discussed at meetings of the joint ministerial committee on Europe. More transparency would be helpful from the point of view of scrutiny. It would be helpful if you were willing to investigate that.

My final point relates to that: are there any plans to review the concordats between the Scottish Executive and Whitehall? After the first four years of the Scottish Parliament, do you think that the concordats are absolutely perfect, that nothing in them needs to be changed and that you got

everything right the first time round? What is the score there?

Mr Kerr: We have been revising the concordats as needed, depending on the learning processes between the parliaments. The latest one to be reviewed is the one on transport. Again, I can come back to the committee with more detail on that in due course.

The Convener: Are there any other questions before we close this item?

Mr Home Robertson: I have a quick question, I hope, on our profile in the United Kingdom. The UK presidency of the European Council from July to December 2005 could be an opportunity to showcase Scotland in various respects. Are there any plans to hold meetings of the Council or informal meetings anywhere in Scotland? Shortly we will have a rather fine building down the road.

Mr Kerr: We are having those discussions. It is fairly early days, but we are interested in pursuing matters such as those.

The Convener: Finally, are you willing to offer the committee regular updates on delivering the strategy and achieving the various milestones? The committee would find that quite helpful.

Mr Kerr: Yes. I think that I would try to fit that into the six-monthly process of setting targets for ourselves for each presidency. The two documents will clearly be linked within the overall strategy, so I will try to bring them together so that we report on the implementation of the strategy as well as on the success or otherwise of our continued efforts on the presidency agenda.

The Convener: On your final point, Jim Wallace promised to try to get the Scottish Executive's priorities for each presidency to us much sooner. We are already six weeks into the current presidency and we have only just received the priorities.

Mr Kerr: Okay, I will look into the timing.

The Convener: On that note, I thank you and your colleagues for coming along to speak to us on the two subjects. No doubt we will hear from you again before too long. We will continue to monitor your process closely.

Mr Kerr: Thank you.

The Convener: I suspend the meeting for five minutes for a comfort break.

15:27

Meeting suspended.

15:35

On resuming—

Convener's Report

The Convener: The next item on the agenda is the convener's report. The first matter is a briefing paper on the decision of the European Commission in the case of Ryanair and its use of Charleroi airport, which was briefly referred to when the Minister for Finance and Public Services was here earlier in the meeting.

At a previous meeting, Phil Gallie raised the issue and its potential consequences for Scotland. I hope that members have all read the briefing paper, which gives some background to the reasons behind the Commission's decision. The Commission has laid out its case against Ryanair on the matter of subsidies, while saying that its decision actually boosts cheap air travel in Europe—which is an interesting position. I invite comments on the paper.

There are three options before us, one of which I recommend. We can note the information that has been provided, appoint a reporter to draw up a brief report for the committee or refer the issue to the Parliament's Local Government and Transport Committee. I recommend the middle option, which is that we ask a reporter to look into the matter and bring us back a brief paper on it. That would still allow us to refer the matter to a committee at some point in the future.

Gordon Jackson (Glasgow Govan) (Lab): I do not have any particular objection to that course of action. Having read the Commission's press release, I was a little surprised. I understood what the Minister for Finance and Public Services said about the fact that the matter does not turn out to be quite as we might have understood it to be. I am not doubting that the decision is bad and harmful—Ryanair can complain about it, it is harmful to Prestwick airport and we need to look into it. I tried to read it carefully, but the press release seems to present only one side of the argument.

If we read the press reports on the matter or if we listen to the chief executive of Ryanair, we might think that the decision will shut the company down a week on Friday. However, it is not quite like that. To quote someone from a long time ago, there is less to this than meets the eye. It is not such a big issue as it is made out to be, although I am not saying that it is not important. It is not the issue that I thought it was or that the press portrayed it to be. To that extent, I agree with the minister. If, however, someone wants to be a

reporter and give us something to pass on to other committees, that is fine.

Mr Raffan: The matter is slightly more complex than I had realised. The appendix to the press release, which is entitled "Content and impact of the Commission's decision on Charleroi airport", says:

"Today's decision should therefore mean that Ryanair can keep part of the aid already granted, net of the money to be recovered."

However, I do not know what the exact amounts are. My slight concern about appointing a rapporteur on this matter is the precedent that that would create. If we carry out such a study, it might mean that the "Charleroi rapporteur" could be cited in years to come whenever a committee is dealing with some particular issue on which a case study could be carried out, with the potential for a lot of coverage. I am open to persuasion on this, but I am not certain that this would be a suitable subject for a rapporteur to work on.

The Convener: I am relaxed on the matter. I put that option forward because the committee has previously agreed that the use of reporters offers a useful avenue. We have not used reporters yet, which is why I wanted to raise that possibility.

Phil Gallie: I am grateful for the Commission's press release, which offered pretty interesting background information, but Gordon Jackson hit the nail on the head when he said that it was rather one-sided. We have a duty to follow through and try to establish what the other side is. We must also consider that Charleroi is a local authority airport, whereas many of the airports that Ryanair uses are private airports, as Prestwick is.

I referred to this earlier when we questioned the minister; we must be careful not to stymie genuine competition and initiative. It seems to me that, to a degree, the report and the decisions that have been taken stymie the initiative, not only of Ryanair, but of local bodies. As much as I am opposed to Europe, I am certainly not opposed to trying to get people to work together and co-operate to create opportunities within the European Community. The matter is worthy of being taken forward a bit, to put some more meat on the bones that the report provides.

Mr Morrison: There is a danger that we might be drawn into the issue about stymieing competition. Again, I am not in a position to comment on the decision's impact—or perceived impact—at Prestwick, but I know that in the Highlands that particular airline was adept at using state aids while steadfastly ignoring the fact that other low-cost airlines were operating routes out of Inverness to other parts of the EU and the UK. We have to be slightly cautious when we talk about whether this decision, or other Commission

decisions, stymie competition. I certainly know that that was not the experience in the Highlands. I tend towards favouring option A.

The Convener: It is worth noting that, of course, a rapporteur's report would not have the status of a committee report until we accepted, rejected or amended it. It would not be prejudged—we might decide that the decision was a good one, for all we know.

Mr Home Robertson: From what I have read and from what I have heard this afternoon, I doubt whether there is much to be gained from pursuing the matter further at this stage. However, if anyone is bursting with enthusiasm to lead an inquiry, I would not want to hold them back.

Irene Oldfather: Like Phil Gallie, I have a constituency interest in Prestwick. However, I know that the Irish are looking into the matter and I do not know whether we could add much to what they might do. Like other members, I am reasonably relaxed about the matter; if Phil Gallie or someone else wants to take on the job of looking into it, I would have no problem with that. As my constituency is adjacent to Prestwick, I would welcome further information about the other side of the story.

Phil Gallie: I must make the point that we are considering cheap air fares and a range of airports throughout the European Community, rather than just one company. I am sure that the Irish will pursue the Ryanair issue and it is obvious that Ryanair is very important to Prestwick, but the issues go further than that. Several cheap airlines, including Globespan and easyJet, operate from Scotland, so we should not just home in on Ryanair.

Irene Oldfather: That is a good point. One difficulty, which I do not think that the report addresses but which has certainly been highlighted in the press, is the possibility that the decision might have a knock-on effect on other regional airports across Europe. Given that the press have been prone to exaggerate in relation to other aspects of the matter, I do not know what degree of confidence we can have in such reports. However, Phil Gallie's point about widening out the inquiry is relevant.

Gordon Jackson: I accept Phil Gallie's comment that the press release is one-sided, which is why we should be very hesitant about it. However, I am sure that if we asked the other side, we would get the opposite response. The reporter who examines the matter must be aware that the subject will not be easy; indeed, it will be massively difficult. I wish anyone good luck who opens up the issue, looks under all these stones and asks about the principle in question and how it affects other airports, because we are not talking

about some wee job. An inquiry into the rights and wrongs of giving airlines subsidies for using airports would be a biggie for anyone.

15:45

The Convener: It appears that although some committee members feel that the option before us is not their preferred one they are relaxed about whether a member undertakes a report on the matter. I think that we are all working on the assumption that Phil Gallie is the most appropriate person to work with the clerks on a brief report. Phil, are you happy to do that?

Phil Gallie: Yes. The report will be a widespread one.

The Convener: And the committee will make its own decision on the matter when you report back. Are members agreed?

Members indicated agreement

Mr Morrison: Will Phil Gallie report back in this or the next parliamentary session? [*Laughter.*]

The Convener: I ask Phil Gallie to report back in 2004.

Mr Raffan: It is important that Phil Gallie and the clerks come back to the committee with the inquiry's exact remit, because that will allow us to know exactly where we are going. Otherwise, Alasdair Morrison will be right. Indeed, Phil might not be able to report until the session after next. We cannot be vague about this and simply appoint some rapporteur to look into the matter; instead, we need to do things professionally. In my view, we require a clear, narrow remit.

Phil Gallie: I accept and agree with that point.

The Convener: I take Keith Raffan's point. Indeed, what he has described is normal working procedure. Perhaps I should have made it clearer that the terms of reference will come back to the committee as a matter of course.

Mr Home Robertson: The convener of the Local Government and Transport Committee should be contacted as well.

Mr Morrison: Convener—

The Convener: Alasdair, this must be your final word, because I want to move on.

Mr Morrison: I have what I hope is a helpful suggestion. Given that we do not meet until—are we meeting next week?

The Convener: Yes.

Mr Morrison: Okay. Fair enough.

The Convener: Before we move on to the next item, we need to consider the monthly report of the clerk and chief executive of the Parliament and

the Parliament's external liaison unit on inward and outward visits to and from the Scottish Parliament. Can I recommend that as usual we welcome the report and thank all those involved?

Mr Raffan: I want to make a correction. Because of snow, the Tanzanian delegation never appeared. However, they wanted to find out what lessons they could learn from Scottish devolution and use with respect to the relationship between mainland Tanzania and Zanzibar.

The Convener: It is a pity that the delegates never appeared. I am sure that they would have liked the snow here in Scotland.

Dennis Canavan: At a previous meeting, I proposed that, in the interest of openness and transparency, the members of any delegation sent by the Parliament on an outward visit should be named in the monthly report. I notice that that has not happened with regard to the visit to Spain on Tuesday 13 January.

The Convener: That is a good point. I ask the clerks to comment on it.

Stephen Imrie (Clerk): We have raised Dennis Canavan's request with the Parliament's external liaison unit and it has been agreed to. The visit in question was undertaken by parliamentary officials, not by elected members. However, I am happy to give Dennis details of who in the Parliament went on the visit.

Dennis Canavan: Thank you.

The Convener: The report also contains no information about who went on the Enterprise and Culture Committee's visit to Denmark, which has already taken place and included elected members. I will discuss the matter with the clerks and ensure that we receive further information about it.

Scottish Executive (Scrutiny)

15:49

The Convener: We move on to item 4, which is pre and post-council scrutiny. As members will see from their papers, we have still to receive reports from some departments. However, as some of the meetings in question will not take place until next week, we might have a chance to reflect on them at next week's meeting.

Phil Gallie: I think that the paper mentions a report by Allan Wilson on animal welfare and transport. It is an encouraging statement and, at the risk of my reputation, I compliment the minister for once.

The Convener: The remaining point to consider concerns the education, youth and culture council meeting on 26 February. Although we welcome the information provided, I suggest that we ask the Scottish Executive whether a decision has been taken to establish the Europass national agencies and whether there have been any discussions with the UK Government on locations in Scotland for such an agency. This relates to the proposal to establish a single framework for the transparency of qualifications and competences across member states. That issue is on the agenda at the moment and it relates to many other issues that we discussed with the minister earlier today. Is the committee happy to seek that information?

Irene Oldfather: I am happy to seek the information, but it is important that we have a co-ordinated strategy on bidding for European agencies. In the past, I have asked about the possibility of the language agency coming to Scotland, which you supported, convener. Rather than going for every agency under the sun, we should decide on one or two priorities and keep lobbying for them. One of the agencies that we bid for in the past was the European Maritime Safety Agency, which we proposed to locate in Glasgow. I understand that that agency has now gone to Portugal, so it is off our list. However, the committee should agree to bid for just one or two agencies rather than every one that we come across, because that could look haphazard.

The Convener: Sure. Given that the recommendation here is only that we find out whether bidding for an agency is a Scottish Executive priority rather than that we support that, I suggest that we put the matter on a future agenda. We could then ask for a report on the status of those agencies that have been allocated and those that are still in the pipeline and which we could bid for. We need to get some background information.

Mr Raffan: I offer an addendum to Irene Oldfather's sensible proposal. There is a parallel with civil service job dispersal. Even if we do not bid for all of them, we should monitor where those national agencies are being located. It would strengthen our arguments when we bid for others down the line if we could say, "It's our turn."

The Convener: I agree to put that on the agenda at a suitable occasion in the near future. There is a distinction between finding out what the Scottish Executive's priorities are and deciding which agencies we would like to be located in Scotland. We have to bear that in mind, but we will certainly move the matter higher up our agenda.

EC Legislation (Implementation)

15:52

The Convener: The next item on the agenda is the implementation of EC legislation. We have received another letter from the Executive about that matter. Once again, it has had recourse to section 57(1) of the Scotland Act 1998, which enables Westminster to legislate in devolved areas. Once again, we have to ask ourselves whether there is justification for doing that or whether there is any case for separate Scottish legislation in the case that has been brought to our attention. Is there any feedback from the committee on the paper before us that relates to the Council regulation on customs action against goods suspected of infringing certain intellectual property rights? The Executive has laid out the case for introducing the legislation on a UK-wide basis, given that it relates to customs controls.

Irene Oldfather: I am relaxed about the matter. Implementing the regulation in UK legislation is entirely in keeping with what we would expect. I do not have a problem with it.

The Convener: In this instance, I do not envisage that any committee members will want to raise any points.

It is coming up to 5 to 4. As I bring the meeting to a close, I remind members that there is a meeting next week so we will not have our usual gap. At the next meeting, we will take the first tranche of evidence on our new inquiry into promoting Scotland worldwide.

Mr Raffan: When will the papers for next Tuesday's meeting come out?

The Convener: Tomorrow or Thursday, according to the usual format.

Meeting closed at 15:54.

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