EUROPEAN AND EXTERNAL RELATIONS COMMITTEE

Tuesday 17 March 2009

Session 3

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EUROPEAN AND EXTERNAL RELATIONS COMMITTEE
5th Meeting 2009, Session 3

CONVENER

*Irene Oldfather (Cunninghame South) (Lab)

DEPUTY CONVENER

*Michael Matheson (Falkirk West) (SNP)

COMMITTEE MEMBERS

*Ted Brocklebank (Mid Scotland and Fife) (Con)
Patricia Ferguson (Glasgow Maryhill) (Lab)
Charlie Gordon (Glasgow Cathcart) (Lab)
*Jamie Hepburn (Central Scotland) (SNP)
*Jim Hume (South of Scotland) (LD)
*Sandra White (Glasgow) (SNP)

COMMITTEE SUBSTITUTES

Jackson Carlaw (West of Scotland) (Con)
Ken Macintosh (Eastwood) (Lab)
Gil Paterson (West of Scotland) (SNP)
Iain Smith (North East Fife) (LD)

*attended

THE FOLLOWING GAVE EVIDENCE:

Stephen Boyd (Scottish Trades Union Congress)
Garry Clark (Scottish Chambers of Commerce)
Lorna Gregson-MacLeod (Highlands and Islands (Scotland) Structural Funds Partnership Ltd)
Donald McInnes (Scottish Enterprise)
Alex Paterson (Highlands and Islands Enterprise)

CLERKS TO THE COMMITTEE

Lynn Tullis
Simon Watkins

ASSISTANT CLERK

Lucy Scharbert

LOCATION

Committee Room 2

Scottish Parliament

European and External Relations Committee

Tuesday 17 March 2009

[THE CONVENER *opened the meeting at 10:31*]

Decision on Taking Business in Private

The Convener (Irene Oldfather): Good morning, colleagues and welcome to the fifth meeting in 2009 of the European and External Relations Committee. I have received apologies from Patricia Ferguson and Charlie Gordon.

Item 1 is to ask colleagues whether they agree to take in private item 5, on themes arising from this morning's oral evidence-taking session. Is that agreed?

Members *indicated agreement*.

Financial Crisis (European Union Response)

10:31

The Convener: We are holding our second evidence-taking session on the European Union response to the financial crisis, the purpose of which is to focus on the EU-financed structural funds and to take a broader look at the EU recovery plan. I welcome our witnesses this morning: Lorna Gregson-MacLeod from Highlands and Islands Structural Funds Partnership Ltd; Donald MacInnes, a familiar face at committee, from Scotland Europa and Scottish Enterprise; Alex Paterson from Highlands and Islands Enterprise; Garry Clark from the Scottish Chambers of Commerce; and Stephen Boyd, another familiar face at committee, from the Scottish Trades Union Congress.

Thank you, colleagues, for coming this morning and for your written submissions. Because we have such a wealth of written evidence, we have agreed that there will be no opening statements this morning.

I will kick off the discussion by pointing out that there are a range of views in the submissions. Some people were querying the extent to which the EU has levers or whether they are at member state level. I invite the witnesses to comment on whether it is appropriate that we look to deal with some of the issues at EU level. Who wants to kick off?

Stephen Boyd (Scottish Trades Union Congress): I am happy to have an initial bash. The primary levers to mitigate the length and depth of the recession undoubtedly reside at member state level. In the United Kingdom, the major impact on mitigating the length and depth of the recession will come from what happens with fiscal stimulus and monetary policy.

There is much that the EU can do. The G20 summit is coming up at the start of April. We argue strongly that there needs to be action to increase global demand and the EU clearly has an important role in driving that agenda. Recent comments in that regard from some of the EU finance ministers have been a bit worrying; they do not seem to accept that there needs to be a global demand-management programme.

The aims of the EU's economic recovery plan are generally helpful. Anything that the EU can do to stimulate activity is to be welcomed.

Garry Clark (Scottish Chambers of Commerce): I agree with much of what Stephen Boyd said. There are two ways of looking at the EU's usefulness and intervention in the crisis. The most important role that the EU can play is to ensure that we deal with the international crisis on an international basis. There is only so much that the UK Government or any other national Government can do alone. Only on an international basis will we get to the root causes of some of our problems and recover from the recession.

EU financial support and funding mechanisms have been extremely important to Scotland and Scottish businesses over the past few years. They remain important, although there is a question whether such instruments are the most appropriate or useful in the current crisis. We are in a rapidly developing situation and the process of accessing funds through many of the EU funding mechanisms is long and cumbersome. Although there might be a limited role for the EU in that regard, EU action overall is crucial to resolve the current situation.

The Convener: Thanks very much. Several submissions referred to the difference between short-term and long-term opportunities that might arise. It would be helpful if witnesses commented on that too.

Alex Paterson (Highlands and Islands Enterprise): There is a danger of us all agreeing with each other.

The Convener: That is why I added that last comment.

Alex Paterson: The answer to your question is not either/or; it is probably both. It is clear that some things have to be done at member state level but, equally, we should look at whatever opportunities to provide support there are in EU funds and programmes, because such sources have been useful in past structural developments. We also have to consider other opportunities to move forward.

A challenge is posed when we look to deploy European funds on a short-term basis—they are structural funds and the name describes what they do. Although we need to look at how we can use them in the short term, there is equal sense in looking at how we can use the funds to position ourselves so that, when the downturn is over, we are in a positive and strengthened position in key industries such as energy. We should look both at EU and member state opportunities as well as at keeping a balance between the short and long terms. Some aspects of European funds do not necessarily lend themselves to quick fixes in the short term.

Lorna Gregson-MacLeod (Highlands and Islands (Scotland) Structural Funds Partnership Ltd): I agree with Alex Paterson that such funds are not necessarily the best vehicle and that member state intervention might be more appropriate. At present, we see that the European social fund, which offers unemployment and redundancy package support, is probably the fund that we will use more effectively for shorter-term measures in forthcoming months. Our committee agreed recently that although we do not want to take our eye off the objectives in our seven-year programmes and we want to use the funds as effectively as we can to provide any response that is needed at local level, we will probably focus mostly on the European social fund in the forthcoming months.

Donald MacInnes (Scottish Enterprise): As you can imagine, there is a lot of talk about the subject in Brussels. The challenge is to turn those discussions into action in the short term. Some of the work that has been done on the recovery plan—showing a direction of travel on clean energy, for example—is important, but that is a longer-term consideration, as other colleagues mentioned.

The Convener: It is good to have you here, Donald, because you have hot-footed it from Brussels via somewhere else today.

There has been a lot of talk from the Commission about flexibility and simplification to assist the additional moneys coming into the system. We took evidence last week on the possibility of larger infrastructure projects that can be undertaken in eastern European countries, but not in the EU 15 member states. Do you see any movement on those issues? We read a lot about such projects, but people tell us that they are not actually happening yet. Are such projects too long term?

Donald MacInnes: "Simplification" is still a complicated word as far as Brussels is concerned. There is a lot of talk about that and flexibility, but getting match funding for those large infrastructure projects is still a big issue, particularly in the newish member states where, although there is a lot of money around, spending on good projects and getting them to comply with the regulations is a problem. There might be opportunities in the next year or two for some of that money to come back to the traditional member states, as it were. We are keeping a close eye on that at the moment.

The Convener: Does anyone else want to comment on the flexibility or simplification side of things, or on infrastructure, which one or two of you mentioned in your submissions?

Alex Paterson: I have a couple of thoughts. Donald MacInnes talked about the matter from a Europe-wide point of view, but I will reflect on it from a more local perspective. The European schemes contain a lot of flexibility, so we can use them for some of our capital projects that support businesses. We talk about whether there is scope for more flexibility and other things to be done, but there is a fair amount of flexibility within what we already have. That is certainly true of the arrangements in the Highlands and Islands programme.

We support increased simplification and flexibility, but I add a wee caveat to that. Any quick fixes need to be good solutions that will stand up to the test of the audit trail that goes with European programmes. One of the challenges at present is to secure match funding for good projects. Some of my colleagues on the panel might talk about where we are with the funding of, or the spend on, current programmes. We say yes to simplification and fast tracking, but there are some challenges associated with that.

The Convener: Stephen, have you seen any evidence of the difficulties in relation to match funding?

Stephen Boyd: I would be struggling to cite a specific example, but I have heard about that quite regularly. I am struggling to find something to add to the comments that we have heard. It is clear that we are in exceptional times, so if we can introduce any additional flexibility to allow money to be spent effectively in Scotland, we would support that.

Alex Paterson makes an important point. In Scotland, we have had our fingers burned with audit trails in the past. We must keep a careful eye on the matter and ensure that we can justify whatever we do.

The Convener: Lorna, you are at the front line. Are you noting any difficulties in relation to match funding?

Lorna Gregson-MacLeod: Yes. We have some anecdotal evidence about that, especially from smaller organisations that are pursuing training programmes. With the larger-scale European regional development fund proposals, it takes a long time to go through all the various processes, especially when organisations are involved with a number of bodies, such as the lottery funding bodies.

This year, we directly encouraged applicants to come in with three-year proposals. That approach has been effective at raising the commitment, but there are concerns. A number of the three-year recommendations are dependant on a further two years of match funding, but the organisations concerned have only one year. They tell us that they are nervous at the end of the year. When they try to get funding for the next two years, they are anxious about whether that money will be made available to them. We are monitoring the situation closely because we know that the process is taking longer and is more complicated.

We must recognise that the substantial restructuring of the public sector came at a time when the programmes were just starting. It may be that we need more education and information to ensure that applicants know where to go for different types of funding, but there are certainly concerns out there that we need to address.

Michael Matheson (Falkirk West) (SNP): It is clear from reading your written submissions—and you have mentioned it already—that you regard EU funding as being largely for medium to long-term programmes. My question might be more for the Scottish Chambers of Commerce and the Scottish Trades Union Congress. What can be done at a nation state level, at the Scottish Government level and even at the local agency level to maximise the benefits that we get from EU funding? What can we do that is not being done? What do you encourage Government at different levels and the public agencies to do to ensure that we maximise the benefits?

10:45

Garry Clark: It is important that Government at all levels in the UK and Scotland works to ensure that businesses are aware of the funding opportunities that already exist and can take advantage of new opportunities that arise. In the evidence that the committee has taken so far, many references have been made to funding mechanisms such as the joint European resources for micro to medium enterprises—JEREMIE—funding, which the Scottish Government is looking into. Such funding certainly has some potential to address some of the funding gaps, and it could work on a shorter-term basis than the existing funding arrangements.

Even before the credit crunch began, we were worried about the funding gaps that prevent businesses from taking that extra step in order to grow. European funding has made a massive difference. The more we maximise our businesses' access to the funds, the better. There is certainly scope for further development.

We must also ensure that, as far as possible, the money that comes to Scotland remains in Scotland. We do not want it to flood back to the Commission. Perhaps there needs to be flexibility to allow more opportunities to use the money, perhaps over a slightly longer period of time and consistent with audit processes.

Stephen Boyd: Lorna Gregson-MacLeod mentioned that the credit crunch arrived at a time when we were undergoing substantial changes to Scotland's institutional infrastructure for economic development. The challenges that we face now are different from those that we faced when the decisions were made to change that institutional infrastructure, and we must recognise the difficulties that some of those organisations face. I am thinking of Skills Development Scotland, which is a new organisation that deals in a difficult area. It must work effectively with a range of partner organisations to fulfil its remit. I note that one of its applications for European funding to support its work with regard to redundancy response was refused in the first instance, although I understand that it has now been fast tracked. Skills Development Scotland is facing some specific challenges.

I do not propose that anything new or different has to happen. I just think that all Government agencies must redouble their efforts to ensure that partnership working is as effective as it can be.

Garry Clark mentioned the JEREMIE funds. The STUC has argued for a long time that one of the major market failures that we face in Scotland is the lack of patient, committed capital for growing companies. Our large financial sector has singularly failed in that area. Scottish Enterprise and Highlands and Islands Enterprise have done a lot to try to fill the gap, and HIE has a new programme in that regard, but we would welcome anything that can happen with regard to European Investment Bank moneys to provide more resources to address that market failure.

I do not know whether my final point is entirely relevant to the question, but I mention it anyway. We have been examining the ProAct scheme in Wales, which is a short-term wage subsidy and training support programme. We recognise that Wales still has access to objective 1 money, but when we discussed the issue with the First Minister last week in a meeting that also included Jim Murphy, we encouraged both Administrations to examine the ProAct scheme and consider what would be achievable in Scotland. We received a positive response from the First Minister, and we will discuss the matter with officials as well. If the UK Government introduced a general wage subsidy programme, we might be able to build on that funding in Scotland with additional Scottish Government resources. The scheme that resulted might not be as extensive as ProAct, but it would be built on similar lines.

Michael Matheson: Garry Clark and Stephen Boyd mentioned the funding gap and the JEREMIE programme. It is clear from Scottish Enterprise's submission that work is being done in relation to that funding to support small and medium-sized enterprises. I think that the submission mentions some work to take that forward that started in January. I want to get an idea of where we are on the timeline for actually making things happen. I am conscious that, particularly at the SME level, businesses often look for things to happen quickly. It seems to me that the discussions have been taking place for a while. What stage are we at, and how long will it be before the work that is being done starts to deliver?

Donald MacInnes: The Scottish Government is in the lead on the JEREMIE and JESSICA—joint European support for sustainable investment in city areas—programmes. As far as I am aware, no JEREMIE or JESSICA deals have yet been done anywhere in Europe. It is quite a complicated system. The Scottish Government and Scottish Enterprise are keen to see Scotland at the forefront on those programmes and we are negotiating with the Commission on them at the moment.

The other main projects that we are undertaking to stimulate company growth are the Scottish co-investment fund and the new Scottish venture fund. Those continue to be very successful. We are recapitalising them at the moment, with £67 million for the Scottish co-investment fund. There is a lot of money flowing through to Scottish companies.

We are also working with 100 Scottish companies to raise awareness of the framework programme for research and development, through which we see a lot of potential for companies to innovate and commercialise new ideas. We think that that is where a lot of the early growth will come from, so we are keen to pull through that demand. We think that we cover the waterfront in that sense.

The Convener: In the context of co-financing, Gordon McLaren mentioned last week the possibility of considering initiatives such as making housing land part of an asset package. Are you able to update us further on that, Donald? Is that part of the proposals that are being pursued?

Donald MacInnes: Housing land? No. I am not aware of that or involved in it.

Lorna Gregson-MacLeod: As far as I am aware, there has always been a restriction on the provision of in-kind contributions towards ERDF capital infrastructure development. However, the Commission recently said that it will relax the rules on in-kind contributions and allow the value of land that is being used by the organisation to count towards development. Previously, that land would have had to be passed on to a third party for it to be eligible. That is quite an interesting move forward, which will unlock some match funding for different partner organisations, especially local authorities.

The Convener: Thanks very much. It will be useful for us to keep an eye on that.

Sandra White (Glasgow) (SNP): Some of the questions that I wanted to ask have been answered. They were similar to those that Michael Matheson asked about JEREMIE funds.

I am interested in the effects of the falling pound. Is it beneficial to businesses that export? In previous evidence, it was said that we had gained £100 million via structural funds because of the falling exchange rate. How might that play with JEREMIE funds? Is the falling pound a plus point for small to medium-sized businesses, even if the JEREMIE funds come on stream?

I have another question about JEREMIE funds, on an issue that I might ask the clerks to check out. Just before I came into the committee room, I was told that the UK Government did not know that JEREMIE funds existed. I would like to double check that. *Private Eye* magazine contacted the UK Government about JEREMIE funds, and the Government said that it did not know that they existed. The magazine then phoned up the European Commission, which confirmed that the funds exist. I would like that matter to be clarified. As you have all said, we need to raise awareness among businesses of JEREMIE funds. If the chief player—the UK Government—is not aware of those funds, that does not bode well for the future of our small businesses.

Garry Clark: International exchange rates work both ways for businesses in Scotland. In terms of export markets, the falling pound would, on the face of it, make Scottish goods cheaper to export abroad. However, in a global depression in which other markets are as depressed as the UK market—in some cases they are even more depressed—we must question whether there is demand for those goods. There have been some good-news stories on exports, but other news stories have been not wholly positive.

I have spoken to a number of our chambers of commerce that operate export documentation services and, towards the end of last year and at the beginning of this year, they were seeing high numbers of exports. The situation is good for some, but not all sectors, because of depressed overseas markets. The flip-side of that relates to the supply chain. Where the supply chain remains overseas, raw materials have become more expensive and that is not impacting well on the competitiveness of Scottish businesses.

Tourism provides opportunities to attract people to Scotland, particularly given the celebrations for the year of homecoming that will take place this year. Nevertheless, we must ask whether consumers in the key overseas markets have the disposable income to spend on coming to Scotland.

There are pluses and minuses as far as most businesses are concerned.

Stephen Boyd: The consensus that has emerged between the STUC and the chambers of commerce is in danger of running the full course of the meeting, which would be a first. Nevertheless, I agree absolutely with what Garry Clark said. If you had put the question to me six months ago, we might have been cautiously optimistic that the devaluation of the pound would boost Scottish manufacturing. We have long argued that the pound has been overvalued and that, in the longer run, a devalued pound would be good for Scottish manufacturing; however, we did not realise that global demand would fall off so catastrophically in the shorter run. Any short-term benefit from the devaluation of the pound has been lost with the collapse in demand, although we hope that the situation might rebalance itself. We hope that, in the longer run, when we come out of the other side of the recession, a devalued pound will be good for manufacturing.

The Convener: As Sandra White mentioned, Gordon McLaren said last week that we have made £100 million from the devaluation of the pound, but that the trick will be to spend that money through the programme without incurring audit difficulties. Have you experienced that at all?

Alex Paterson: You are asking someone from the Highlands and Islands about audit difficulties with European programmes!

I will focus on the programme that we are in just now, which takes me back to a comment that I made earlier. There is a lot of money available to the Highlands and Islands through the European structural funds. As Lorna Gregson-MacLeod knows better than I do, the challenge is to get the commitment and then to get the spend through that. Extra money is welcome, but the challenge is in getting the spend. We have a lot of flexibility within the programmes. We have been able to bring forward capital projects by using European funds, and we have others in the pipeline for which we can use European funding.

The question is whether we can address the concerns about using European funds for short-term fixes and, bearing in mind audit requirements, overcome the challenges of trying to match those funds, particularly over a two or three-year period. Are there any ways around that? We make one suggestion for that in our written evidence to the committee, although how practical it might be is another issue. To address the problem of match funding and the need to get cash moving quickly, it would be easy, in theory, to do something about intervention rates. That would reduce the match-funding issue although it would not make it go away. I do not know how feasible it would be to do that within the European rules, but some temporary easing of intervention rates is a practical step that could be taken to help to get cash flowing so that projects that are committed can move out of limbo and into action.

Lorna Gregson-MacLeod: I agree about the need to raise grant rates. We are considering that carefully. We raised the issue in a paper that went to our monitoring committee in February, so the Commission is aware that it may be requested to consider the matter. Currently, most of the priorities that we fund are funded to 50 or 45 per cent, which leaves a substantial gap for applicants to fill. If we could raise the level of funding to between 50 and 75 per cent, that would have a great impact and would bring forward proposals more quickly.

The devaluation of the pound has raised the value of the funds that we receive. That is positive, as it gives us more money that can be used fruitfully for projects. However, it raises our N+2 challenge, and ours is possibly more of a challenge than the lowland and upland Scotland—LUPS—programme. We do not have the very large venture capital funds that Donald MacInnes mentioned; therefore, we are directly dependent on individual project spending. That is far more difficult and challenging than venture capital funds, which give immediate spend that we can count. We, too, through our committees, would like to consider the N+3 option, or to ask the Commission to consider our profile and perhaps to think again about whether that profile is appropriate, given the current economic climate. The Commission has suggested that that is not an option at the moment, but I think Gordon McLaren highlighted that it is one worth pursuing in the next few months, once we see what is happening on the ground.

11:00

Donald MacInnes: From a Scottish Enterprise point of view, the move to larger, fewer, more strategic projects has been helpful in terms of the audit and compliance burden. However, if one or two of those big projects do not go ahead, there is the question of looking for more projects. We are doing that now, both as a result of the exchange rate bonus, as it were, and to ensure that we are considering all the projects that it might be possible to introduce in the current situation.

On the issue of JEREMIE, I love *Private Eye*, but it may have been talking to the wrong people in the UK Government. The UK Government is definitely aware of JEREMIE.

Sandra White: You said that you are considering the JEREMIE fund. Do you have the figures for the number of companies that have approached you about JEREMIE? Is there a current work programme?

Donald MacInnes: No. Throughout Europe, no deals have yet been completed through JEREMIE or JESSICA.

The Convener: It is all very innovative and quite complex.

Jim Hume (South of Scotland) (LD): Continuing the JEREMIE theme, I should perhaps declare an interest as a past founding director of SEBSED Ltd, with the South of Scotland loan fund, which Donald MacInnes will be aware of. It was set up in the South of Scotland for small businesses. I know that JEREMIE is not in place yet, but how do you envisage it being administered? What will the criteria be? Obviously, it is for micro to medium enterprises, but will it just be for growth companies? Will it be administered by the business gateway, Scottish Enterprise and Highlands and Islands Enterprise, or by the banks? Do we have any idea of the size of pot that might come to Scotland?

Donald MacInnes: No. JEREMIE and JESSICA projects will not be directly for small business—they are more for regeneration. The public agencies that you mention will all have to work together to administer JEREMIE and JESSICA. That has certainly been our experience in the past. South of Scotland is a good example of how working together can achieve a lot more on a European front than can working alone, as happened previously.

Jim Hume: Scottish Enterprise has tended to move away a bit from small businesses. I hope that the business gateway is taking that up a bit. Do you envisage a separate, small organisation to administer JEREMIE?

Donald MacInnes: There is no need for more organisations. What we need is more co-ordination. The system will be administered much more effectively if we get some of the existing organisations to work together.

Jim Hume: But the first port of call will be a Government agency of some sort.

Donald MacInnes: Yes. The business gateway will be the first port of call for small businesses.

Jamie Hepburn (Central Scotland) (SNP): I want to explore a couple of issues that arise out of the written evidence from Scottish Enterprise and the STUC.

My first question is for Mr MacInnes. You suggest in your evidence that

> "There is some anecdotal evidence in Scotland that the fall out of the economic downturn has had an impact on the ability of the Structural Fund Programmes to spend on local economic development."

What is that anecdotal evidence? You also suggest that

"At this stage, there is insufficient data available to back this up".

Is Scottish Enterprise engaged in any work to secure the data to back up that view, or are you aware of any other organisation so doing?

Donald MacInnes: Yes. We are monitoring the situation at the moment. We are working with all our account-managed companies to get feedback from them. On an industry-wide basis, we are developing industry demand statements, which should bring out the type of evidence that we are looking for. Whether that evidence supports the current anecdotal evidence is still to be determined. We are at the early stages, and we are working with companies to find out whether the evidence really is hard and fast.

Jamie Hepburn: Can you set out any of that anecdotal evidence today, or am I asking the wrong person?

Donald MacInnes: The evidence is companies not going ahead with projects and not being able to get bank funding for projects—that type of thing.

Jamie Hepburn: Who are they?

Donald MacInnes: They are the account-managed companies that we deal with, of which there are about 2,000, and which we see making a disproportionate difference to the Scottish economy. They are the companies with the highest growth potential, and the ones that we work with intensively.

Jamie Hepburn: They are from the six key sectors.

Donald MacInnes: That is right.

Jamie Hepburn: Perhaps the clerks could write to Scottish Enterprise seeking further evidence. It is perhaps a bit much to ask you to lay it all out just now.

Donald MacInnes: I am happy to supply that evidence.

Jamie Hepburn: Mr Boyd, in response to a question from my colleague Michael Matheson, you spoke a little about the co-operation between the Scottish and UK Governments as a result of a meeting that you attended. In your evidence, you write about the need for co-ordinated action and

"Seeking additional stimulus measures at UK, EU and global level".

What are those additional stimulus measures? You also refer to quantitative easing being "a practical necessity". Is that it—printing more money—or does the STUC think that other things need to happen?

Stephen Boyd: To take your last point first, I think that we are reaching the limits of monetary policy. We have interest rates at 0.5 per cent. Clearly, we would have started from a very different place but, given where we are, quantitative easing is a sensible, pragmatic measure at the moment. We can consider what happened in Japan in the 11-year gap between the use of interest rate policy and quantitative easing, and what might have happened if Japan had introduced quantitative easing a decade earlier. We are where we are, and we think that quantitative easing is a practical measure.

Regarding an additional stimulus, it is interesting to read the recent International Monetary Fund paper on fiscal stimulus measures that have been introduced so far by the major industrialised countries. In the UK, the package that was introduced in the pre-budget report in November last year amounted to about 1.5 per cent of gross domestic product. The average throughout industrialised countries is about 3.4 per cent of GDP, so we think that there is a compelling case for introducing a further stimulus package as part of the budget.

A couple of weeks ago, in Stirling, I attended a lecture by Danny Blanchflower of the monetary policy committee. Danny, and David Bell from the University of Stirling, argued strongly for an additional stimulus package of £87 billion, which would be just over 6.6 per cent of GDP. They saw that as being absolutely necessary to deal with the extent of the challenges that we face. I do not think that we will get the £87 billion, although I will not put a figure on it. However, we are arguing for a further substantial stimulus package as part of the budget.

What would we like that stimulus to do? We would like targeted tax cuts for low-paid workers. We are certainly not arguing for general tax cuts across the board—those would not have the impact on the economy that we would like. We would like increases in benefits. Job seekers allowance is currently £60 a week. If it had risen in line with inflation over the past few years, it would have been £75 a week. We would like increases to statutory redundancy pay and additional public investment programmes. We have heard a lot of extravagant political rhetoric over the past few weeks about green new deals and low-carbon industrial strategies. When will we see the meat on the bones of those ideas?

We are now at a different place from where we were even a few months ago regarding the Government's role in the economy. Whereas a couple of years ago the prevailing orthodoxy was that Government should stay at arm's length, we now understand that there has to be a role for Government in the economy. The banks have been bailed out to the tune of £1 trillion, so can we have straightforward Government investment in emerging industries, for example in the renewable energy sector?

We consider that the Scottish Government's primary role in responding to the recession is to help those who are most badly affected. We want a comprehensive package of support to be put in place for the newly unemployed and those who are at risk of redundancy. It is more difficult to be specific at the EU and global levels. The EU stimulus package is about 1.5 per cent of GDP. It might make more sense at present for any additional funds to go into supporting the banking sector in eastern Europe. We know that many western banks are exposed to failures there. I am not sure what the impact might be of failing banks in eastern Europe, but the EU's money might be better targeted on that, rather than on the type of stimulus measures that have been spoken about. We are considering what we want the G20 to agree in April, but we will certainly seek co-ordinated action to stimulate demand, although I cannot put figures on that at present.

Jamie Hepburn: I do not disagree with much of your analysis, certainly in relation to what the UK Government should do. I am glad that you went into a bit more detail about what the EU should do. Do any of the other witnesses want to comment on Mr Boyd's suggestions?

Garry Clark: I agree with Stephen Boyd on the path that the Bank of England is taking on quantitative easing, which is an intervention in the economy. As he said, we have run out of room to play with on interest rates and conventional monetary policy, so we must consider alternatives. Quantitative easing could work, so we support it.

We would like the UK Government to do much more through the budget to stimulate the economy. The across-the-board cut in the general rate of VAT has had an extremely limited impact. In speaking to businesspeople throughout the country, I have yet to meet one person who has said that the measure has made a huge difference to their business. If VAT changes are made, we would like them to be for particular reasons, with far deeper cuts in particular areas. For example, we should encourage a cut for home repairs and maintenance, particularly when those are carried out for energy efficiency reasons, as that could boost the construction industry. I would not draw the line at domestic properties—we could probably do something similar for business properties.

The UK Government has announced that it will increase the employer's rate of national insurance contributions from 2011. The Government should not proceed with that policy; instead, in the meantime, it should introduce some form of national insurance contribution holiday. That would be extremely beneficial, as it would reduce the impact of unemployment in the next year and keep skills in the economy. We have also talked about tax credits for the games industry, which is particularly strong in Scotland—it is worth more than £1 billion to our economy. The Scottish Government has provided a lot of movement on business rates at the lower end of the scale for smaller businesses, but we need to consider whether anything can be done at the higher end of the scale, too.

Government at all levels, including the European Union, can still consider an awful lot of ways to provide an additional stimulus to the economy to help to get us out of the present situation in a shorter period than we might otherwise have to endure.

Jamie Hepburn: Unless any of the other witnesses wants to comment, I have a quick follow-up question for Stephen Boyd. In relation to co-ordinated action at EU level, your written submission suggests that

"The complacency of EU finance ministers … is a particular worry".

Will you expand on that?

11:15

Stephen Boyd: It was widely reported last week that the finance ministers of Germany and other G20 countries—I struggle to remember which ones were mentioned—were questioning the need for co-ordinated global action on the financial crisis. Germany's economy was on the up and the country had regained its place as the world's number 1 exporter, but it found itself faced with a global collapse in demand that was not of its own making, so we can understand that it might be a bit more reticent about addressing the crisis. However, enlightened self-interest is needed: if Germany's exports are to pick up, it needs demand in the other economies to pick up, too, therefore I encourage all finance ministers to consider what might be achievable at the G20.

The Convener: A measure that could be taken quickly would be amendment of the globalisation adjustment fund criteria, which might release some money to assist workers with upskilling, for example. Would the STUC support that?

Stephen Boyd: In general terms, yes. When the globalisation adjustment fund was introduced three years ago, it was the subject of some correspondence between us. We have heard almost nothing more about that fund. I am not aware of it being deployed in the United Kingdom at all.

The Convener: I think that the problem is that something like 1,000 workers have to be made redundant before it can be used. We will probably hit something like that now, but two or three years ago the threshold was a bit high for us and there was a lot of discussion about reducing it to 500 workers, which would enable more regions in the United Kingdom to qualify for assistance. Some flexibility on that would be of assistance in Scotland.

Stephen Boyd: It is some time since I examined the criteria, and I have to say that I struggle to recall what they are. However, I remember considering whether the fund could be deployed to help particular sectors. A few years back, there were extensive job losses in the textiles sector, although I am happy to say that it has picked up somewhat since then. There were never going to be 1,000 or even 500 redundancies in any one workplace in that sector, but I considered whether there was any way that we could access the funds on a sectoral basis and use them to help workers and communities to readjust.

The Convener: That is a good point.

Ted Brocklebank (Mid Scotland and Fife) (Con): I have a couple of questions about the timeframe of the European Commission's economic recovery plan. As you know, the plan was published several months ago, in November. Has some momentum been lost? Many of the Commission's proposals needed legislative change, so there was difficulty in implementing them. According to some observers, many of the schemes are not operating yet. Is that the feeling in Scotland?

Garry Clark: There is certainly some frustration about the length of time that it is taking. Businesses often feel that, when government of any nature announces change, it takes an awful long time before it is implemented. They would probably say that European funding takes an awful long time at the best of times; it seems to take for ever to complete the application forms and go through the audit procedures.

That illustrates the point that I made about European funding solutions being longer term in nature, which is why they are extremely welcome. To some extent, Scottish Enterprise and Highlands and Islands Enterprise deal with the high end of European funding, but an awful lot more is being done at the lower end—I mentioned loan fund companies, such as the West of Scotland Loan Fund Ltd. Highlands and Islands Enterprise is better placed for that smaller end of the market than is Scottish Enterprise.

There is general frustration, because although we hear that measures are being taken, they take time to filter through. That is not necessarily restricted to Europe; it also applies to what the UK Government has done with the banks. Last week, I spoke to a couple of businesses that could not obtain loan funding for expansion projects. They are good, strong businesses that in normal circumstances would have ready access to funds from the banks, but they continue to have severe problems in that respect. Businesses are generally frustrated that the action that has been taken at all levels of government is taking time to filter through into practical solutions for them.

Ted Brocklebank: I am indebted to the Parliament's researcher for coming up with a quotation from Tony Barber, writing in the EU blog of the *Financial Times*, who said:

"one gets the distinct feeling that someone somewhere is trying to pull wool over the general public's eyes. The €200bn is there on paper, but there is not much evidence of it in the real world."

Does anyone have any comments?

Donald MacInnes: The European recovery plan's main objective is to accelerate payments to member states and to facilitate flexible access to structural funds. It is up to member states to apply for the money to bring forward good projects and to encourage their agencies and the people with whom they work to apply. The aim is to save jobs and accelerate access to smarter investment in the short term, which will lead to a more dynamic economy. As far as I can see, the EU recovery plan is about encouraging member states to accelerate good projects. That is the key to the situation.

My colleague Garry Clark talked about banks freeing up finance, getting companies working again, getting people into jobs and saving jobs. We need a bottom-up approach. Every company needs to look at itself and to consider how it can be more efficient and innovative. We need to consider how to help companies to do that, which is why I mentioned some of the projects on which we are working with our account-managed companies to stimulate them to innovate more, to consider commercialisation more and to look for good sources of finance for projects.

Ted Brocklebank: I am thinking of the Commission's proposal to use up to €5 billion of unspent budget on energy and broadband initiatives. That has not been implemented because member states have not agreed on it. As you know, Scotland has the North Sea grid project, for which €150 million is available, the Aberdeen offshore wind farm, for which €40 million is available, and the carbon capture and storage project at Longannet. Those projects are ready to go, but because the member states have not reached agreement and the legislation has not been passed, they are on the back burner.

Donald MacInnes: There are really interesting renewable energy proposals throughout Europe. There must be some EU action on that, for sure, but the technology must also be proven. Many people are working on bringing forward big projects. I would like to think that a lack of access to EU finance will not hold them back.

The Convener: The "Brussels Bulletin" says that the stimulus package was to be discussed by the Committee of Permanent Representatives on 12 March and by the general affairs and external relations council on 16 and 17 March—today—and will be discussed at the spring council on 19 and 20 March. A decision appears imminent.

Michael Matheson: I will stick with the European recovery plan. The STUC's submission helpfully sets out the plan's four strategic aims, which are to

"• Swiftly stimulate demand and boost consumer confidence;

- Lessen the human cost of the downturn …
- Help the European economy to prepare for the future; and,
- Speed up the shift towards a low carbon economy."

What degree of flexibility is there for member states to determine how they set about achieving those strategic aims and using the money from the EU for that purpose?

Donald MacInnes: The flexibility exists—it is up to member states to bring projects forward. The EU recovery plan is designed to encourage member states to do that, to speed up projects and to consider innovative ways of developing new ones.

Michael Matheson: Who is responsible for helping to identify those projects and ensuring that those who work on them are aware that they should feed them in to the relevant agency so that they can be considered for funding support?

Donald MacInnes: In Scotland, Highlands and Islands Enterprise and Scottish Enterprise probably take the lead in bringing forward business-led projects. For regeneration-led projects, it is the local authorities and urban development corporations. A number of agencies rather than one specific agency will be needed to work on projects, depending on what they are.

Michael Matheson: Do Scottish Enterprise and—perhaps—the STUC consider that providing support to the automotive industry could be an important part of speeding up the shift towards a low-carbon economy, particularly in relation to the wider automotive industry, such as the bus industry? A company in my constituency, Alexander Dennis, has unfortunately announced redundancies in the past 24 hours. It is the world leader in producing buses with low carbon emissions, but it has been unable to secure any funding support from the EU streams to assist its technological development in that field.

It appears that money is going to the car sector but not to the wider automotive industry. I welcome your views on whether there should be funding for the wider industry, and whether there is scope for the UK Government to allow that to happen under the present arrangements for the recovery plan.

Donald MacInnes: I am not aware of that particular case—I will check the business's situation and get back to you.

Stephen Boyd: I am not aware of the particulars of the case, but, in general, we would like such support to be provided. I am aware that Alexander Dennis does not currently have the capacity to produce hydrogen vehicles, but a hydrogen industry is being developed in Scotland—perhaps there is a role for Government and the agencies to work with key companies such as Alexander Dennis and energy companies to consider synergies.

We have discussed ideas around the Commonwealth games. For example, I met a wind farm developer who is developing sites in Renfrewshire that are linked to hydrogen facilities, in which the power that the grid does not need will go to produce hydrogen fuel cells. We need blue-sky thinking to consider what could be achieved if, for instance, we linked that company with Alexander Dennis.

If the Government cannot specify that hydrogen will power the public transport for the games et cetera, perhaps we can do more to improve the market for hydrogen goods and services in Scotland. As we seek a way through the recession, we need to promote that type of thinking and that strategic role for Government and the economy.

The Convener: I do not know whether Stephen Boyd has any examples of public procurement, but at the December council the public procurement regulations were relaxed. The Commission, along with the Council of the European Union, agreed that for 2009 and 2010, accelerated procedures would be used for public procurement directives, which was justified by the exceptional economic circumstances and would reduce the length of the tendering process from 87 to 30 days to enable a bit of flexibility in the most commonly used procedures for major public projects.

The Scottish Government issued very cautious guidance on the matter on 12 January that said that people should be careful about what they were doing. Has that assisted in any way the relaxation of the regulations? I do not know whether you have received any representations about the state aid arrangements, which also seem to have been relaxed at the December council. The Council and the Commission have agreed what should be done, but are things coming through the system yet? Does anyone have any experience of state aid and public procurement?

11:30

Alex Paterson: I will not comment on public procurement, but the temporary state aid arrangements are now agreed and with us. They allow organisations such as HIE and Scottish Enterprise to invest up to €500,000 per company for a two-year period—the previous figure was €200,000. Of course, we are talking about an extension of powers, not extra money, but we have the flexibility under the temporary state aid arrangements to invest more than we previously could in a business.

The Convener: Does anyone want to say anything about public procurement?

Lorna Gregson-MacLeod: It is possible that the Scottish Government's cautious response is the result of audit experience. Auditors trawl through every piece of paper associated with public procurement, so perhaps it is right to be cautious. We have had our fingers burned with public procurement. However, we have some major strategic projects that we want to come on stream very quickly, and accelerated public procurement could help them to catch the moment. Perhaps what has been agreed will be helpful to and used by local partners in the larger capital projects.

The Convener: It seems that there could be a bit more discussion about such issues. Until I read our Scottish Parliament information centre briefing, I was not aware of the possibilities or that there could be a little bit more flexibility in the system. I think that everyone agrees that such flexibility is very much needed. Obviously, everyone wants to be careful about the audit process, but reducing the length of the tendering process from 87 to 30 days could get major projects into the pipeline more quickly.

Do colleagues have any other questions, or does anyone want to make any final points about issues that we have not covered?

Garry Clark: From speaking to businesses across our network, I know that the main issue with public procurement is access rather than any temporary relaxation of rules. We have not quite got there in opening up procurement opportunities for medium-sized businesses and small businesses in particular. Opening up such opportunities, rather than the temporary reduction in timescales, is foremost in the minds of such businesses.

Stephen Boyd: I was not aware of the procurement issue that was raised, but I will make a general point. At the UK member state and Scottish levels, officials' interpretations of procurement guidelines are always conservative. That is a major cultural issue in the UK civil service.

The Convener: I thank all of our witnesses for their written evidence and for taking the time to share with us their views and experiences. We are grateful. I suspend proceedings for a couple of minutes to allow the witnesses to leave.

11:33

Meeting suspended.

11:36

On resuming—

European Union Council (Czech Presidency Visit)

The Convener: The next item on the agenda is the report on the visit to Prague.

Ted Brocklebank: I will kick off, and Jim Hume can come in later.

First, I thank Lucy Scharbert and Iain McIver not only for their splendid chaperoning in Prague but for their excellent report. We had a very busy day: from memory, we were up at 4 o'clock that morning to set off from a hotel at Gatwick.

Michael Matheson: How terrible—that's a shame.

Ted Brocklebank: Yes, it was a bit rough. The day went on and on, and by the end of it—gosh—I was a bit spaced out. But never mind—I really enjoyed it.

The visit was excellent. Jim Hume will cover the common agricultural policy and various other bits and pieces, but I will briefly mention the things that stood out for me. It was fascinating to see how much pride the Czechs had in the fact that, 20 years since the collapse of the eastern bloc, they were assuming the presidency of the European Union. They were enormously proud of the fact that, in 20 years flat, they had gone from that situation to the present situation.

The Czechs wish to examine issues such as the economy, energy and enlargement during their presidency, but its first two months were effectively hijacked by the problems with the gas pipeline from Russia via Ukraine. That was a big problem, and the Czechs played a role in brokering the eventual deal. The Czechs were also very involved in the situation in Gaza and, although they did not play the key roles that the French and the Egyptians ultimately did, they felt that their presidency did not get down to considering the things that they had hoped to consider until about two months into it.

Members will read the report for themselves, but I will mention some interesting things that occurred to me. The Czechs are moving from being a net recipient to a net contributor of EU funding. That is remarkable, considering the position that they have moved from in 20 years and given that many other countries show no sign, even after many years, of moving from the recipient to the contributor phase.

Those achievements have been made despite a lack of energy supplies. The Czechs rely largely on coal, which is in decline. They know that and they will be forced to consider alternatives such as nuclear power, which causes them problems as some of their near neighbours, including Austria, are totally opposed to the nuclear solution. That is a dilemma, and the Czechs are looking to the European Union for a co-ordinated energy approach.

That leads on to the difficulties in the amount of gas that the Czechs import from the east: they have great difficulties in relation to Russia's dominant position and they do not wish to cause it any offence. At the same time, they are looking beyond Russia to Norway and elsewhere to see where they might get gas supplies. That issue was certainly concentrating their minds.

I guess that the Czechs' only major industry is the Skoda car plant. They have seen a bit of a downturn, although probably not as much of the rest of us in Europe. They conceded openly that, until such time as Germany recovers, there will be no real recovery for the Czech Republic. They felt that Germany would lead the way to recovery in Europe.

It is interesting that although the Czech lower chamber has ratified the Lisbon treaty, albeit not without difficulties, the Czechs felt that there were still problems ahead with the upper chamber. Indeed, the president has still not signed the treaty.

The evidence that we took was that the Czechs feel that there is not a great deal of political will across the EU to reform the budget—they wish that there was more.

Our overall point is that it was good to get in early to see what we could do to influence the presidency in advance. The Czechs associated themselves fully with our thoughts on that, but they reminded us gently that they are already two months into their presidency and that, if we wanted to have more of an influence, perhaps on the Swedish presidency, we should start to move now, because things to do with the handover were already happening.

The Swedes are handling my particular area of interest—the common fisheries policy—so the Czechs have taken a back seat on that. The Czechs said that, if we want to be at all influential and if we are planning a visit to Stockholm, we should act sooner rather than later. As our previous delegation found, it is important to get in as early as possible.

The Convener: We will deal with that in the programme for May. We have already taken that point on board, but it is a good one. Jim, do you have anything to add?

Jim Hume: Yes, I have a few points to make. First, I thank Lucy Scharbert and Iain McIver for seeing us through all those airports.

The Czechs were very much focused on the economic crisis, which has obviously taken over, but it is interesting that the recession came to the Czech Republic a bit later than it came to us. In December, the Czechs were talking about 3 or 4 per cent growth, but by January they were looking at 0 per cent growth at best.

The Czechs had to deal with the unforeseen circumstances around gas and Gaza, which Ted Brocklebank has mentioned. They are looking to get better access to energy from the Caucuses and various such places. There does not seem to be a great focus on renewable energy, unlike in some of their neighbours, particularly Austria. The Czechs might be keen, but renewables are not at the top of their agenda—that is for sure. They are looking to reinvest in nuclear, which is not popular with their southern neighbours, Austria.

The Czechs expressed concerns that there are still restrictions on movements between Germany and Austria and the Czech Republic. There are still some teething issues with the Czech Republic being in the EU.

On the common agricultural policy, the major concern for the Czechs is that they are not getting as good a deal as some of the older member states, because of the historical payments that Scotland, France and Germany get and which put the Czechs in a slightly worse position.

We met the Czech deputy agriculture minister, who is not an elected member but appointed by the Government—slightly different to how we do things here. He was a young chap of 32 or 33 I think, but he was obviously very capable. The Czechs are looking to reduce the CAP budget in future, but it does not seem to be at the top of their agenda. They reckon that in the future there will be a movement from the so-called pillar 1 to pillar 2.

The Czechs have set out a road map for technical discussions on CAP. They do not think that Sweden will go any further with discussions on the CAP; they believe that Sweden will take up discussions on the common fisheries policy instead.

We also touched on quality designation—that is, a "Made in EU" designation. Like Scotland, the Czech Republic has its own Czech brands—

11:45

The Convener: I think Becherovka is one of them.

Jim Hume: I will bow to your knowledge on that one, convener.

The Czechs would be interested in getting the Budweiser brand back from America—that has a long history.

Like Scotland, the Czech Republic has some very hilly ground. They are looking to maintain the status quo on their less favoured area status and would be wary of any change.

I think that we have covered most of the main points. Everything is clearly laid out in EU/S3/09/5/2, which is a very good report.

The Convener: I thank both Jim Hume and Ted Brocklebank, and also Lucy Scharbert and Iain McIver. The report is comprehensive and interesting.

Sandra, do you want to come in?

Sandra White: Yes—as a new member, I am learning as I go along.

Paragraph 23 of the report says that the Czech Government believes that structural funds are too bureaucratic and must be simplified. It is interesting that the Czech Republic, a new member of the EU, is saying exactly what we, an old member, have been saying for years.

Paragraph 24 mentions €5 billion of unspent money that could be used as investment, but it then says that the money is regarded as "uncollected" rather than unspent. The anomalies arising for a new member are exactly the same as the ones that we have faced for years.

Paragraph 42 attributes to Mr Kalas the view that

> "the Czech Government had the option of a political or rational response to the issue of nuclear power; the political response would have resulted in no nuclear power, the rational response to support it."

The paragraph continues with a wee sting in the tail, in which Mr Kalas advised that

> "nuclear energy had specifically been excluded by the Green Party, but suggested that their stance was softening."

Very interesting.

Michael Matheson: I have long been of the view that the period of each presidency is ridiculously short but, with the enlargement of the EU, the possibility of the period being lengthened is pretty remote because every member will want its turn. I am interested in whether Jim Hume or Ted Brocklebank were given any indication on how many of the Czech Republic's objectives at the start of its presidency were expected to be implemented.

Ted Brocklebank: I do not know whether others will agree, but I got the impression that people felt that they had not received the co-operation that they might have expected from their predecessors, the French. In most of the meetings we attended, a strong view came through that the French had perhaps not been as co-operative as they might have been and that business had not been passed on as it was supposed to be passed on. People hoped that their arrangements with the Swedes would be better and that business would be passed on.

I did not detect a sense that any of the Czech Republic's original goals had a real chance of being reached in a six-month presidency. Business would be on-going: a country should take on business from its predecessor, work away at it, and then pass it on to its successor. However, some fairly hard things were said about the French.

Jim Hume: That covers exactly the points that I would have made, although I would have used slightly different words. There seemed to be little, if any, co-operation with the predecessors, the French. That will cause problems when a presidency lasts for only six months. There should be a rolling effect, which will happen between the Czech Republic and Sweden.

The Czech Republic has had to respond to circumstances such as the problems with gas supplies and Gaza. As I said, up until December or January, people were still forecasting growth, but they have been the victims of circumstances that were beyond anybody's control.

The Convener: The Czech presidency has had an incredibly negative press from day one—I am sure that the Czechs would not blame the French for that.

Jamie Hepburn: I was struck by what Ted Brocklebank said about our efforts and those of the Scottish Government to engage with some of the issues earlier in the process. Will our planned visit to Stockholm in May be early enough? I would be particularly interested to hear what Ted Brocklebank has to say about that, given that he raised the issue.

Ted Brocklebank: The difficulty is that we are talking about on-going issues. If we start the communication with one presidency, we will be aware of what is said in the handover period.

Like Jim Hume, I was very impressed with the young agriculture minister, who was extremely open and forthright. He will pass over a fair legacy to his Swedish counterparts. At least we are in the loop in that regard—he said that he would be happy to advise us with whom we should communicate before we go to Stockholm.

The Czech presidency was a kind of passing-the-parcel presidency. Given that the Czechs lost the first two months of their presidency to gas and Gaza, I think that they are happy just to carry it forward for four months. I got the strong impression that they do not think that major progress will be made on anything during their term: it is a question of passing the parcel and keeping in the loop.

Jim Hume: I have a point about the juste retour principle and the issue of putting into Europe more than one gets out. One or both of us asked whether that was a problem and whether it went down badly, politically, in the Czech Republic. The opposite is true—to the Czechs, the fact that they put in more than they get out is a sign that they are maturing as a country.

The Convener: They almost saw it as a compliment. That is interesting.

Thank you very much. That was useful for all committee members, especially the new ones.

"Brussels Bulletin"

11:52

The Convener: Item 4 is the "Brussels Bulletin". The most recent edition concentrates on the economic stimulus package, some of which we discussed earlier. Do colleagues have any points that they want to raise, or are you content to note the paper?

Jim Hume: I note that the second half of the first paragraph under the heading "Economic Stimulus Package (ii)" says:

> "following disquiet amongst member states further revision to the proposal is likely to be proposed by the Commission."

That will stop moneys coming to clean energy projects, as we have discussed. In effect, some member states will stall the process.

Ted Brocklebank: Yes—I mentioned that in one of my earlier questions.

The Convener: I think that the decisions will be taken over the next few days. As ever with European discussions, the meetings will go on until 2 or 3 in the morning and a consensus will be reached, but the position might be a little different to the one that is in front of us.

Do members agree to note the contents of the "Brussels Bulletin"?

Members *indicated agreement*.

The Convener: That brings the public part of our meeting to a close.

11:53

Meeting continued in private until 11:58.

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