

EUROPEAN AND EXTERNAL RELATIONS COMMITTEE

Tuesday 15 December 2009

Session 3

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EUROPEAN AND EXTERNAL RELATIONS COMMITTEE 14th Meeting 2009, Session 3

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DEPUTY CONVENER

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Gil Paterson (West of Scotland) (SNP)
Iain Smith (North East Fife) (LD)

*attended

THE FOLLOWING ALSO ATTENDED:

Ian Duncan (Scottish Parliament European Officer)

THE FOLLOWING GAVE EVIDENCE:

Donald Anderson (Royal Society of Edinburgh)
Elspeth Attwooll
Professor John Bachtler (University of Strathclyde)
Professor Andrew Scott (Royal Society of Edinburgh)

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LOCATION

Committee Room 2

Scottish Parliament

European and External Relations Committee

Tuesday 15 December 2009

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

Decision on Taking Business in Private

The Convener (Irene Oldfather): Good morning, colleagues. I welcome everyone to the 14th and final meeting in 2009 of the European and External Relations Committee. I have apologies from Ted Brocklebank and Patricia Ferguson.

Item 1 on our agenda is to agree to take items 6, 7 and 8 in private. Colleagues will recall that item 6 is further work on our budget inquiry, item 7 is our approach to scrutinising the Government's international activity and item 8 is the appointment of an adviser for our Lisbon inquiry. Are members content to take those items in private?

Members *indicated agreement.*

European Union Budget Review Inquiry

10:32

The Convener: Item 2 is our EU budget review inquiry. We will take further evidence from our panel of expert witnesses this morning.

For the benefit of our witnesses, I summarise that phase 1 of our inquiry, which has been completed, focused on blue-skies thinking about the European Union 2025, and phase 2, in relation to which we will hear further evidence today, focuses on the key challenges and opportunities of the EU budget review for Scotland.

At our previous meeting we heard evidence on some of the key policy priorities for Scotland. Today our aim is to look at the budget as a whole and to ask our expert panel for their views on the evidence that we have received so far. For that reason, we have circulated in advance to our panel some of the key areas for discussion and we have asked whether they would like to make short opening statements.

I formally welcome to the committee Elspeth Attwooll, John Bachtler, Drew Scott and Donald Anderson. We very much appreciate your attendance at this busy time. I know that it has been a difficult day for John Bachtler, in particular, to get away. We always appreciate the valued expertise that you bring along to the committee at such meetings, so I thank you all for coming.

Elspeth Attwooll: I thank you for inviting me to speak today. I will begin with a disclaimer and an apology. The disclaimer is that my remarks should not be counted as representing the views of any organisation or body. I speak purely as a domiciled Scot who happens to have 10 years' experience of European institutions in general, and the European Parliament in particular. That said, I think that I would be joined by many in my appreciation of the high quality of the evidence that has already been given to the committee, and of the background paper by the Scottish Parliament information centre.

My apology is because my opening statement is, I am afraid, overly long, simply because in my retirement I have found that my brain has slowed down and it took me all my time to formulate an opinion on the matter. I thought that the most useful contribution I could make would be to cover some of the more general issues, both philosophical and political.

It seems to me that where budgets are concerned, there is a perennial debate between those who would decide what should be done and then work out how to raise the money to do it, and

those who would decide how much there is to be spent and then decide in what ways the sum concerned should be allocated. My struggle to understand how the process works at EU level helped me to develop the chicken-and-egg model. I hope that the committee will forgive me for its somewhat simplistic nature.

First, there is the issue of resources. A decision is taken on the maximum amount that can be raised from the member states—or, the total possible volume of egg production. Every seven years, there comes the multi-annual financial framework, when a financial perspective sets the production levels and allocates the eggs to various baskets, which come with separately established and often quite detailed guidelines and rules for the distribution and use of their contents. Every year, there is a budget, which refines the proportion of eggs in each basket and determines, to some extent, the purposes for which they are to be used.

The allocations have varied over the years: it is expected that, by 2013, 32 per cent of expenditure will be on the common agricultural policy—the figure is 39 per cent if rural development moneys are taken into account—and about 36 per cent will be on structural funds, which will leave a quarter of the total for all other types of expenditure.

The difficulty with the system is that when the financial perspective sets the production levels, there is conflict between member states according to where they see their interests lying. That is complicated further by some member states' belief that they have not benefited sufficiently from the distribution. Cases in point, where the United Kingdom is concerned, are the CAP in general and the historically low levels of rural development funding—hence, for example, the Fontainebleau agreement and the issue of the rebate.

Also, some member states prefer lower volumes of production at Europe level and for more to be undertaken at home—hence, the push by some for renationalisation of regional funding for all but the poorest member states.

On past performance, the European Parliament has looked to slightly higher production levels than the member states, with something of a compromise being reached between the two, and it has strongly resisted moves towards renationalisation of regional funding or, indeed, of any geographical restriction of its ambit. I would not like to guess how that will be resolved in the future, either in general—given the current political complexion of the Parliament—or where regional funding is concerned, particularly in the light of the interesting fact that the chair of the European Parliament's Committee on Regional Development comes from Poland and is a former European Commissioner for Regional Policy.

Following the coming into effect of the Lisbon treaty, it is particularly important to stress the role of the European Parliament. Previously, it had a say over only part of the finances—not the amounts that were allocated to the CAP. Now it is, in effect, equal to the Council of Ministers in its budgetary authority, and it has gained the same level of influence over regulations that govern regional funding and agriculture and fisheries.

Again, I am not at all sure how the debate will play out about the sources from where money to be expended at Europe level will be raised, whether there will continue to be a UK rebate, whether a more generalised correction system will be introduced and whether a system could be devised in which no such correction system were necessary.

A further complication is the increasing realisation that the system is not sufficiently adaptable to changing conditions—hence, the suggestions to reduce the length of the financial framework period from seven to five years and to introduce more flexibility into the process.

All that has considerable relevance for how many eggs there will be and the baskets into which they will be put in the future. Given the demands of dealing with climate change and the new, post-Lisbon emphasis on freedom, security and justice and on external actions, and not forgetting the continuing commitment to development aid, it is not surprising that the Commission is looking to different ways of allocating the whole, nor is it surprising that it is emphasising areas in which added value will be gained from European action in general, and transnational and cross-border co-operation in particular. There is nothing new in those emphases, but they are stronger than they have been, which accounts for what the Commission says about structural funding. I would find it surprising if it really wanted to renationalise regional funding—apart from in the poorest member states—because that would be a considerable reversal of its previous position. The Commission might be hedging its bets in case that has to be faced. I gather that it has backtracked somewhat on the issue since the non-paper was published.

The Commission might have been trying to suggest, although not very clearly, the possibility of limiting a specific type of convergence funding to the poorest member states, while introducing new streams into which the other aspects of structural funding would be merged. For example, there might be three frameworks reflecting the three priorities: sustainable growth and jobs, climate and energy, and global Europe. There would then be a fund or funds to deal with each of those priorities.

For example, under the first framework, there might be innovation funding, including for research and development, and current competitiveness funding, as well as employment and education funding, including the current European social fund and lifelong learning funding. Under the second framework would come the environment, which would deal variously with climate and energy, transport and land and maritime resources—including the current CAP—rural development and fisheries funds. Under the third framework would come external action. To return to my previous analogy, we would have different sets of baskets from before. That idea is not altogether new—for example, discussions are already happening on whether regional development and rural development funding should be brought together. However, the idea is expressed on a much larger scale.

If that is the way in which the Commission's thoughts are moving, I have considerable concerns. I understand why it would see advantages in freeing up what is, I think, about a quarter of the budget that goes to structural funding in the competitiveness regions. There is logic in mainstreaming the funding for the convergence regions, although I doubt very much that that would be a politically acceptable approach. However, how would that percentage be mainstreamed through different funds in a way that ensured that it reached the geographical areas that are in need of support? Would the whole percentage be allocated for that purpose? What criteria would be employed? Would they be the criteria of disadvantage and how would disadvantage be calculated? Those questions bear on the situation of Scotland's less favoured areas under the CAP.

How would all that tie in with the new treaty objective of territorial cohesion? The European Parliament, in a report on the issue, certainly stressed the importance of reducing intraregional as well as interregional disparities, and called for better data and for consideration to be given to new indicators for the purpose of identifying areas that are in need. However it, too, seeks greater synergies between the types of sectoral funding, on which it placed considerable emphasis.

I doubt that we will have in the near future such a root and branch change as mainstreaming. A more recent paper from Paweł Samecki, the interim European Commissioner for Regional Policy, continued to mention the European regional development fund, the social fund and the cohesion fund. He argued that

"cohesion policy should focus on activities that foster development, provide high European added value and are directly linked to ... EU policy priorities."

That has clear echoes of the non-paper. It might also be significant that he wrote that

"The establishment of a *Single Strategic Framework* could be considered ... to provide strategic orientations for all Community funds under shared management and possibly partly under direct management (e.g. transport, energy, research, innovation and support to enterprises)."

10:45

Paweł Samecki also calls for greater flexibility between funds and for the avoidance of overlap. For example, he suggests that two of the axes of the rural development fund might be shifted into the ERDF. He says:

"post 2013, the possibility of merging the ERDF and the Cohesion Fund should be explored."

We have yet to ascertain the approach of the new Austrian commissioner-designate, but on the current evidence I think that we can detect certain trends, which the committee should take into account in its deliberations. Of course, any representations should be directed to all the appropriate quarters, but in this context I reiterate the reinforced role of members of the European Parliament in the budget process following the coming into effect of the Treaty of Lisbon.

I apologise for taking up so much time. I wanted to pass on all those thoughts to you.

The Convener: Thank you for your comprehensive report, which contained much important background information for the committee. We will hear from other members of the panel before I invite questions from members.

Professor John Bachtler (University of Strathclyde): I thank the committee for inviting me to participate in this interesting discussion. I will make a few general remarks on the questions that have been circulated.

First, it is clear from the papers and the discussions that have taken place that the Commission is pushing for the most radical reform of EU spending in a generation. We can get insight into Commission thinking partly from the consultation outcome a year ago and also from the non-paper. It is clear that the ambition is to increase spending on the promotion of moves towards a low-carbon economy, on promoting competitiveness and growth and, to a certain extent, on strengthening the EU's influence in the world. However, if there is to be a stable EU budget, which I think is the working assumption in Brussels, those ambitions will mean either a reduction or a reorientation of spending on the CAP and cohesion policy.

On the non-paper, where the discussion will go from here is rather unclear. The Spanish have said that they would prefer not to have the budget

communication published during their presidency in the first half of next year but, as time goes on, the logic of launching a budget paper so close to the planned publication of the draft financial perspective in the first part of 2011 becomes less evident. There is also uncertainty about how the new Commission will want to manage the budget review, as Elspeth Attwooll said.

On the opportunities and challenges for Scotland, the opportunities lie in the fact that the proposed EU spending priorities are closely aligned with Scottish policy priorities and interests, such as building R and D capacity, research collaboration and networking, public-private co-operation, lifelong learning, integration of migrants, and developing renewable energy sources, carbon capture technology and energy networks.

The challenges for Scotland lie in whether the funding for the new policy priorities is to be allocated to countries and regions on the basis of strategic planning or politically determined allocation criteria, and on whether there will be a large element of competition for the funding, to ensure that it goes to the so-called best projects—or a combination of the two approaches.

As the committee has noted, there are challenges in that we might lose funding in, for example, cohesion policy and rural development support, on which policy initiatives and organisations have come to depend. However, in both policy areas one could anticipate substantial change even if there were no budget review.

On the future of the structural funds, much attention has been focused on the potential re-nationalisation of cohesion policy, especially in the context of the non-paper. However, it is important not to forget that a different vision for cohesion policy has been articulated in the past six months, first through the Barca report, then in the reflection paper of former commissioner Danuta Hübner and—as Elspeth Attwooll said—in the orientation paper by the current acting Commissioner for Regional Policy, Paweł Samecki. That is a much more ambitious agenda for cohesion policy, as the paper regards the policy as an important delivery mechanism for key EU priorities.

There has been reference to what the discussion of territorial cohesion might mean in practice. It certainly has the potential for a more strategic approach to territorial challenges at different spatial scales. To an extent, that debate goes beyond, or is—or could be—separate from the debate about re-nationalisation or regionalisation of structural funds. The paper that was prepared for the Swedish presidency conference last week in Kiruna was interesting in that it gave practical insights into how such an approach might be interpreted and its strategic,

operational and analytical aspects. I can say a bit more about that later, if necessary.

I have some comments on implementation issues. Although the policy priorities in the allocation of funding are important, it is important not to lose sight of the proposals for implementing EU funding. We know that in Scotland, as in other parts of the EU, major difficulties have been associated with the complexity and bureaucracy of delivering structural funds, for example. Many of those difficulties arise because of the system of shared management of the policy among the Commission and the member states. More generally, there is a lack of co-ordination and coherence among policy areas. So there is the challenge of how to resolve such difficulties in the future but, as other policies increase in importance, we need also to ensure that the same problems of implementation are not replicated in the management systems that are designed for delivery.

In the Commission's proposals in its non-paper on simplification and improving the quality of delivery of policy, it recognises the problems and proposes ideas on issues such as co-ordination, performance incentives, conditionalities and different methods of financial management. There is an opportunity for Scottish experience to be introduced to the debate at EU level. There is also a challenge to ensure that future delivery mechanisms are appropriate for us.

There is a challenge of ensuring that we in Scotland can maximise the available funding. Scottish institutions have a track record of engaging well with European institutions. We have established organisations for marketing and promoting the available opportunities. However, there is a need to re-examine whether we have the right strategic approach for engaging with EU bodies in the different policy areas. We need a coherent approach to providing advice and information, and we need sufficient resources to be in place in order for beneficiary organisations to attract funding.

The Convener: That was interesting. I am sure that members will want to explore issues with you further, but I ask Drew Scott whether he wishes to say anything.

Professor Andrew Scott (Royal Society of Edinburgh): I defer to Donald Anderson. We were both involved in the paper that we have submitted, but Donald will speak about it.

The Convener: That is helpful and will save a little time. I thank you in advance for that written evidence, which was interesting.

Donald Anderson (Royal Society of Edinburgh): Most of what I have to say is based

on that submission. I will make some introductory remarks.

The Convener: It is good to put something on the public record.

Donald Anderson: I preface my remarks by saying that it is a pleasure to be here, particularly sitting in this seat, because I have the most wonderful view of the city.

The Convener: We take that as a real compliment.

Donald Anderson: I will say two things about the Royal Society of Edinburgh that are relevant to the paper. The first is that the society is a multidiscipline body, unlike its English equivalent: its members range from scientists and academics to business practitioners, and it includes Government officials and so on. The paper that we have submitted is the product of that multidiscipline approach.

Secondly, the society has no political or sectoral position. To an extent, that is self-evident, but because of the nature of the paper and its emphasis on research and development, it is probably as well to make that clear.

The committee that drew up the paper, of which Drew Scott was a member, considered the problem very much from Scotland's point of view. I want to bring out four points from the paper. The first is that we were struck by the severe constitutional limitation that Scotland faces in influencing the EU budget—or, indeed, other EU matters—because the UK Government has responsibility for it and there are limitations on the extent to which the Scottish Parliament can be party to the discussions that take place between the UK and Scottish Governments. The Scots can influence the UK position only if their interests are roughly coherent with each other. I will come back to that later, because it is not, in fact, the case: under the Lisbon treaty, there is scope for a more constructive engagement, particularly with the Scottish MEPs. That should be considered proactively and as a priority.

Secondly, the non-paper aligns closely with Scotland's interests and with most of the UK's. Five areas have been identified as key issues: climate change and energy security—the latter seems to be rising up the table of importance—economic competitiveness, research and innovation, the common agricultural policy and structural funds, which have already been discussed, and cohesion. They have all to be addressed by the next EU budget.

Thirdly, Scotland's long-term economic interests lie in increased focus on energy security and competitiveness. I use "security" in a wide sense; it also, of course, means sustainability. We have

significant advantages in those areas by virtue of our inclement weather. We also have an advantage because we have an unusually good base for a country such as ours in the universities and their research and development work. We are not happy with the European Union's approach to that. The framework programmes suffer from their attempt to pick winners rather than allowing research and development to evolve from something closer to blue-skies thinking. We would like more support to be given to the European Research Council, which has a much more open and, incidentally, much less bureaucratic approach. That would be very much in Scotland's interests. So far, so good. It all points in the same direction and it is unlikely that the Scottish Parliament would encounter much opposition in London.

The problem occurs with agriculture. It has long been the UK position that the common agricultural policy should be radically reformed and particularly that pillar 1—the direct payment pillar—should disappear. That approach not only forms part of general policy, but features heavily in trade negotiations, both at the Doha development round and in bilateral negotiations. Scotland's interests are unlikely to be served by that policy. In agriculture, Scotland has more in common with European countries that have a high agricultural component than it does with the metropolitan, industrial south. That is a potential difficulty. There are ways round it—we can think about using agricultural funding in regional policy and can relate it to cohesion in some way—but, at some point, we come down to the fact that the north, particularly the Highlands and Islands, will need for its agriculture support of a kind that, at the moment, is contrary to what the UK Government promotes.

Those are the four main points that we would make—they almost boil down to two. The first is that most of what happens is in our favour, but we have to manage it properly, and the second is that we have this conflict and it will not be easy to find a way through this particular difficulty.

11:00

The Convener: Thank you. That was a very interesting presentation.

I detect a slight difference in approach to the renationalisation of policy in the Royal Society of Edinburgh's paper and, for example, Elspeth Attwooll, who suggested that it might be politically unacceptable. I might be wrong, but I thought that I detected in the Royal Society of Edinburgh's paper that it does not really matter whether policy is renationalised. I guess that the starting point would be that, if policy is renationalised, Scotland will obviously come at it from an entirely different

point of view. Elspeth Attwooll said that she detects a will for things to change and that we are only in the early stages of negotiation.

I know about the issue from the Committee of the Regions, and on this committee's visit to Brussels we were told clearly by, for example, the Belgian representation that it would be totally unacceptable to Belgium to renationalise the EU budget—the Belgians do not have the structures to cope with that. I also know from the National Assembly for Wales and so on that a number of regions across Europe are saying that the starting point is that they do not accept that we have to renationalise the budget.

I am not sure whether I am detecting that panel members have different views on the issue. Elspeth Attwooll seems to be saying that, politically, such a decision will probably not be acceptable. I am not sure whether the Royal Society of Edinburgh is saying that it would not make much difference because the work would be done, just in a different way. I ask for a little clarification from the panel on those points.

Professor Scott: It would not be a matter of the wholesale renationalisation of the budget. There is a consensus that Scotland and, indeed, the UK will cease to benefit from structural funds as much as it has in the past. The economic case for structural funds, as they have been given to Scotland, no longer exists—at least not in as much force as it did perhaps 10 years ago. That presents a challenge for Scotland in how we design regional policy, because for many years structural funds have driven regional policy in Scotland.

It is inevitable that, as the budget will take place in the most difficult fiscal conditions that we have ever experienced, donor states will be under enormous pressure to cut back on the finances that they give to the EU. There will be a lot of pressure to cut back on policies within the EU and, to the extent that that process equals renationalisation, I guess that it is a fair word to use.

I agree with Elspeth Attwooll that the path dependency built into the European budget—the politics of the issue rather than the economics—will be the crucible in which the budget is determined. The economics of the situation do not support huge amounts of money going outside the post-2004 countries, for structural funds for example, although the politics probably demands that some concession be made to the existing allocation of resources, particularly as any such transfer or reorientation will affect the donor countries—the net contributor countries—rather than the net beneficiary countries. I therefore agree that politics comes into it.

I think that this budget will be the toughest of any of the budgets that we have faced, not only because the Commission sees a need to realign policies with future challenges rather than with past political commitments—which is in large measure what I mean by path dependency, as we are still dealing with the legacy of previous political commitments—but because the real challenge, in addition to realignment, is the fiscal crisis. That will make this the most difficult budget round for the net contributor countries to agree upon.

Donald Anderson: What has perhaps given rise to the convener's question is paragraph 28 of our full paper, which deals with additionality and the fact that if we get structural fund funding it is taken off the funding that we get domestically. We did not focus on the issue very strongly, but the intention was to shift the focus away from that to something that is more important for Scotland's long-term development and its general stability, given the difficulties that are arising on agriculture and as a result of the extremely difficult economic outlook.

The Convener: The CAP forms a large portion of the budget. I guess that, even outwith the United Kingdom, it is agreed that that must change. I take on board your points about the UK and pillar 1, but am I right in saying that agreement is widespread among member states that something must be done about the CAP? If so, is it fair to assume that something will be done?

Donald Anderson: One can assume that the CAP will be reformed over time; the issue is how to do that without sacrificing our interests. Of course, some countries take a much more extreme view, and special cases apply to new members, which saw the CAP as one reason for joining the EU. We are probably in for quite a long game.

The Convener: You make an interesting point in paragraph 13 of your submission, which says:

"It is important to distinguish between the Common Agricultural Policy ... and the general principle of financial support for agriculture, especially in less favoured or peripheral regions".

Are you saying that, even if pillar 1 is affected, other ways of providing support will exist? Whatever the outcome—whether it involves research and development competitiveness or better land management policies, for example—we in Scotland must be geared up to maximise the opportunities. In comparison with some of the newer member states, we in Scotland and the United Kingdom are a step ahead of the game in general. Is that point fair?

Donald Anderson: Yes. Batting our heads against a brick wall is no good; we must consider

the possibilities and examine the state of the country. A lot of work has been done on the issue in Scotland—including by the Royal Society—which is fine, provided that taking away one pillar does not mean that the structure falls over because it has only one leg.

The Convener: All the witnesses seem to agree that there are opportunities in territorial cohesion—the new part of the Lisbon treaty—and the possibility of influencing MEPs. John Bachtler said that territorial cohesion could in practice be separate from regulations. Will you say more about that? How could we in Scotland make maximum use of that?

Professor Bachtler: The point was not so much about being separate from regulations—perhaps I did not express that appropriately. Whether regional competitiveness funding—non-convergence funding—will continue is being discussed. The emerging debate about the future of territorial cohesion has three aspects: the strategic aspect is how we ensure a more coherent approach to co-ordinating and planning policies to take into account different territorial characteristics; the analytical approach involves understanding better the territorial impact of policies; and the operational dimension is the question of what we might spend money on.

The one point on which agreement is almost universal throughout the EU is that territorial co-operation—cross-border, interregional and transnational co-operation—is worth while and is justifiable as EU policy because EU involvement adds value. Much of the debate is about how that might be given more importance. That could be achieved in several ways, one of which is having different functional regions. As members probably know, the Baltic Sea strategy recently came into existence. Some see that as a possible template for other transnational co-operation. As well as that, other spatial scales are already the subject of intervention measures, such as cross-border co-operation.

What is done at the moment could be given more substance by integrating the work that is currently done on trans-European networks to produce a more substantial funding component in terms of territorial co-operation. That agenda is being pushed forward and is almost universally accepted by the net payers or net donors, who recognise that it is an important area for EU action.

There are clear implications from a Scottish perspective. We are already involved in what used to be called Interreg programmes of various kinds. The question is whether the functional regions approach—I am thinking about, for example, macroregion strategies—would be relevant to us. It might be relevant in certain areas: for example,

we have seen work being done on the northern periphery in co-operation with north Atlantic and Nordic partners. There are other possible examples of such areas, but the approach is perhaps not as relevant as it is in other parts of the EU.

Elsbeth Attwooll: I agree very much with what John Bachtler has just said. Looking at it slightly simplistically, I finally came to the conclusion that in talking about territorial cohesion we are talking about allowing areas to maximise their advantages and minimise their disadvantages. One issue that does not seem to have appeared in the recent literature but which was certainly in the Commission's green paper is the situation of regions with permanent geographical handicaps. We should look at that in the context of the problem relating to agriculture and less favoured areas and regard it as an aspect of territorial cohesion and allowing the sustaining of traditional communities. How that would play out against what one wants to do with rural development funding and whether it should be merged with regional development funding, I am not so sure.

The Convener: Those are interesting areas that we have discussed in the past in the context of regional funding for things such as maritime peripherality. If we could get those considerations built into the structures, we would benefit. There are also issues around population density and mountainous areas. I imagine that our friends in Scandinavia would be interested in aligning on such issues.

Sandra White (Glasgow) (SNP): I really enjoyed the introduction that you gave. It is obvious from the evidence that structural funds are important to Scotland and other regions and that we are going to suffer in the EU budget review. Elspeth Attwooll said that the funding could be restructured into one, two or three parts, with other areas feeding into it. She mentioned new streams of structural funding and the fact that the issue may be political. We are not going to get structural funds in the old way whereby various countries put forward certain issues in their names and got European funding for them. Do you think that, in order to get any structural funds, a proposal would need to meet the new criteria for innovation, education, climate change and energy?

Do you agree with the Convention of Scottish Local Authorities that the EU could benefit from its experience in working with the Scottish Government? You have all said that the system of structural funds is cumbersome. Do you think that it could be simplified into almost a one-stop shop? You have talked about the cost of the funding and the fact that it is going to be cut, but the bureaucracy itself costs a lot of money. Will the EU look at structural funds to make the system

much simpler and, as COSLA suggests, a one-stop shop? Proposals would still have to meet the Commission's new criteria in order to get structural funds.

11:15

You also mentioned territorial issues. Do you think that, under the Lisbon treaty, it is important for the Committee of the Regions to get in there first on funding? We would perhaps get more if the regions came together more and spoke with one voice. You mentioned handicapped regions—I do not know whether that is the right term. What is the best way that Scotland can get money from structural funds? Will things be changed in such a way that we can implement our policies and ideas in that regard?

The Convener: You made a lot of interesting points there, Sandra. Elspeth, do you want to comment?

Elspeth Attwooll: It is really difficult to answer those questions, because I still cannot get clear in my mind how the EU wants to devise the budget and what baskets it will have in the longer term. Part of me says that there are impetuses towards mainstreaming: we would have baskets with allied types of funding in them, which might involve the disappearance of structural funding as we understand it. However, that does not mean that there would not be European funding for various things that might be done in the regions, and it does not necessarily mean that we would not get funding to assist regions that are considered to be disadvantaged in one way or another.

John Bachtler said that there will be competition in some areas between spending money where we think it would be most productive, such as in research and innovation, and spending it where we feel that it is needed because without it communities would struggle. To be honest, I am swithering between the idea of mainstreaming and the idea that the Commission will ultimately come out with something that is much more like streamlining and will try to get rid of overlaps between different parts of the budget. There is clearly overlap in aspects of the ERDF and the rural development fund, and I know that the EU is worried that some projects fall between the two stools. The fact that they could be funded by either sometimes means that they are not funded by anything. The EU might decide to group things much more under certain policy priorities.

I am inclined to the view that we will certainly see much more emphasis being put on cross-border and transnational co-operation, to which John Bachtler referred. One thing on which we in Scotland might have to fight—the MEPs certainly fought on this but unfortunately lost last time

round—is the 150km maritime border limit, which, in effect, rules us out of any cross-border activity, except with our Irish neighbours.

The Convener: Yes. I have always thought that that was a slight weakness for us in developing those projects. France, Belgium and Germany have lots of opportunities, but we have been restricted. That is an important point for us to continue to lobby on.

John Bachtler: Currently, structural funds are designed to fulfil the EU's objectives in lifelong learning, innovation support, enterprise development and so on, and they very much reflect the future-oriented agenda in the non-paper. The question is how those projects might be funded in the future. Clearly there is pressure on the structural funds. The regional policy interests in Brussels are arguing that cohesion policy is an ideal vehicle for taking account of territorial differences across the EU and ensuring that EU objectives can be delivered in a place-specific way that takes account of territorial characteristics.

Let us take a different perspective and suppose that EU structural funds were cut back and that funding for innovation and small firms was significantly boosted under other policy headings. We would immediately encounter the problem of how the money is to be spent. It could not be spent through an agency that is based in Brussels. We would, of course, want to take account of national and regional differences, and we would want to spend the money where it will make a difference. In the innovation and research and development sector, that would be particularly on small and medium-sized firms and on parts of the EU that are not performing so well in research and innovation. Therefore, we would straight away have to think about the strategic and territorial issues to take into account in spending the money.

We would also quickly have to devise a shared management system, which would potentially be not dissimilar to the current system under cohesion policy. There must be a system for allocating the funding as well as for implementing it under a shared management system. The project or stakeholder on the ground would potentially end up with money that was available for much the same objectives at the European level, and the question would be how they get to it. Would there be allocations to countries and regions, as there predominantly are now, or would there be a competitive element? Given the likely prevailing importance of net balances in the EU policy debate in the future, any major spending area will probably have to have a territorial allocation *ex ante*, although I think that there will also be a greater element of competition.

Professor Scott: I agree with John Bachtler. A lot comes down to how we deal with territoriality—that is in the DNA of the structural funds and cohesion funds—but I am not entirely convinced that territoriality is the way of the future. I take the point about the allocation of resources, which is not unlinked to renationalisation and other state aid and competition law issues that the Commission may want to consider again. I am not entirely convinced that Scotland will benefit most from future funds by territoriality per se—I think that our eligibility under the old territorial criteria will fall, so we may have to consider things afresh. Territoriality and opportunities for research and development do not necessarily coincide. We have to see where in Scotland we can make the most of the competitiveness agenda that the Commission is pushing. Territoriality may or may not be consonant with that—we must think carefully about it.

I turn to flexibility. The one thing for which the Commission budget has rightly been criticised in the past is that it is not very agile. Agility in the assignment of resources is crucial in the context of the competitive challenges that will confront the European Union over the budget period. To some extent, there is a tension between territoriality and agility, but excellence has to be rewarded. That takes us back to the point that we made in our paper about framework programmes, for example. Excellence, of which agility is a key part, must be rewarded and encouraged.

The Committee of the Regions is an advisory body, and I am highly sceptical about whether its advice is ever taken in the Berlaymont building. That is not to say that it is not an important pressure point and lobby group, but it is not part of the legislature. I reiterate what Elspeth Attwooll said. Its work should continue all the way through to the legislative phase of the European budget because that is when one sentence can make a difference. A slight amendment to a piece of proposed legislation can make the difference between there being significant inflows and there being no inflows. Given the European Parliament's new powers over the entire budget, it is crucial that, as the legislative phase is approached, such work continues to develop in it.

Sandra White: I mentioned the Committee of the Regions because, when we visited Brussels, we spoke to representatives of other regions who said that we should keep our eye on it. They were concerned that their strength would be diluted.

COSLA said that we should consider proposing single outcome agreements to the European Union, similar to those that the Government has with the Scottish councils. Would we have the power to do that? Donald Anderson said that we can push stuff forward for Scotland, but we cannot

do that UK-wide. Can we take forward that COSLA recommendation in trying to get the best from the structural funds? I apologise for the length of the question, convener.

The Convener: Does anyone have any thoughts on the matter? No one?

Professor Bachtler: The problem with sitting in the middle is that people all look to you.

The concordat is an interesting example and could be looked at quite closely in Brussels. That said, the key question is, what kind of conditionalities will be attached to funding in future? The non-paper and all the documents on the structural funds that were published this year—from Barca, Hübner and Samecki—refer to engineering or trying to get greater performance from the funding that is administered. That suggests quite a precise interpretation of how countries or regions contribute to EU objectives in a way that allows for clear evidence of progress. Indeed, if sanctions were to be employed—almost for the first time—the EU would need a robust basis on which to apply conditions and penalties.

This is speculation, but one can see how a menu of priorities or objectives could be drawn up at EU level. Parts of the EU would sign up to what is relevant to them with funding coming from whatever EU funding stream would make a difference. Performance, achievement, attainment, monitoring and accountability will be important aspects of the joint programming agenda, if it comes to pass.

Jim Hume (South of Scotland) (LD): I remind the committee of my farming interests. Elspeth Attwooll is well aware of them.

Obviously, agriculture is far more important to Scotland than it is to the rest of the UK, and not just in the Highlands and Islands but in the South of Scotland, which I represent. I refer not only to the southern uplands, because there are fragile areas in the majority of Scotland.

As the Royal Society of Edinburgh rightly says, Scotland has the lowest pillar 2 funding rural development payment per hectare. Such funds are scarce, which means that few people get to access them. I am afraid that that is the way it is. As we heard, where Scotland and the UK's interests are coherent we can work together, but where they are not we cannot. It would be interesting to explore the nations with which we have coherent interests. Could we influence things by working with them? Should we seek to influence them? Donald Anderson spoke of nations with a high agricultural component. What should be the CAP priorities in that regard? We need to bear in mind the fact that farming is a diverse set of industries and that whole communities are dependent on it.

11:30

Donald Anderson: Yes. I suspect that the list of those countries comprises the countries that attended the meeting last week that was organised by the French. I would have to check that—I do not have it to hand. The high agricultural component is not necessarily the same as a high number of people employed in the industry, or indeed a high contribution to gross domestic product; it has a much wider social context. I do not know how you would develop that. I could opt out and say that it is a political issue. It is one issue that you have to bear in mind.

Going back to the previous discussion, another issue to bear in mind is that the shape of the EU has changed substantially. Many of the new entrants qualify as underprivileged or underdeveloped in a way that Scotland does not, at first sight. We all know that Scotland has great problems in certain areas, but that is not necessarily an issue for Brussels, given those other areas.

Going back to Drew Scott's point about the very poor economic outlook, at the moment at least four countries in the Union are causing great concern, including Greece, Portugal, Italy and some of the Baltic states. We should bear in mind the fact that the focus is off us. Irrespective of the complexities of the structural funds—John Bachtler is the expert on that—I cannot help feeling that, given those economic circumstances and the changed shape, the closer you get to the overall EU objectives the better. However, that is really a conceptual point rather than a practical one.

Does that help, Jim?

Jim Hume: It does.

Elsbeth Attwooll: I endorse the view that it is well worth keeping in touch with the Committee of the Regions, but my experience is that many organisations are prepared to apply pressure. I am thinking for example of the North Sea Commission and the wider Conference of Peripheral Maritime Regions of Europe. I am thinking also of Euromontana and Eurocities, although it is not quite so relevant for the common agricultural policy. There are many organisations of people with common interests.

I ought to add that in the case of Scotland, we should make more mention of the maritime and, especially, the fisheries side of things, as well as the CAP. The fisheries fund does not seem to come into any of the discussion papers, and has been slightly forgotten. However, with the development of the directorate-general for maritime affairs and fisheries—DG MARE as opposed to DG Fish—and the amount of pressure

for marine protected areas, we need to consider that aspect of funding quite closely, too.

The Convener: You make an important point about connecting with as many actors with common interests as possible. I know from my experience of the Committee of the Regions that, often, people who are involved in, for example, the Assembly of European Regions and the CPMR are on the Committee of the Regions. Claudio Martini, who is the president of the CPMR, is the regional representative from Tuscany for the Committee of the Regions, so there is a lot of sharing of information and views. There is quite a lot of co-ordination through the Committee of the Regions, and links with a lot of other organisations. It is a valid point.

Jim Hume: We have met a few of the member states' representatives, either here or over there on the continent—I sometimes say "in Europe", but of course Scotland is in Europe. Most of them hinted or even stated that there would be a slow evolution of the CAP, and that the changes would not be as radical as some perhaps would like. Will panel members say, in one or two words, whether they agree with that?

Donald Anderson: Yes.

Professor Scott: There is an evolution. There has been a lot of radical change in the CAP, given its relative inflexibility during the mid-1960s. The situation is past-dependent, so I do not think there will be a hugely radical change.

On who one's friends are, there are other regions in the UK, too. Regardless of the importance of the Committee of the Regions or the CPMR, the fundamental actor is the member state. If this Parliament—or indeed Scotland—can speak with one voice on these matters to its member state, perhaps in concert with other parts of the UK, that will matter much more as you get to the end of the negotiations. I say with no disrespect that that will matter more than making common cause—important though that may be—with other regions throughout the EU.

Donald Anderson: I endorse that view.

Rhona Brankin (Midlothian) (Lab): You will probably not thank me for this question, given that we are running out of time. I am new to the committee, although I was involved in rural development programmes, fisheries and agricultural programmes in a former, ministerial life. Looking at the budget in its entirety, how on earth can we deliver an EU budget that is responsive and fleet of foot, given the endlessly slow pace of change and the cataclysmic changes in the world economy in recent years? How can we ensure that the budget is responsive to change? I am sorry, but it strikes me that that is the key question.

The Convener: That is a good point. Often in the past we have talked about things like asymmetric shocks to economies, particularly regional economies, but the competitiveness and cohesion budgets are not really geared to cope with those. Are we really saying that we need member states to deal with those and that the EU does not have a role? Should we be saying that the EU should have a different role? Do we need to lobby for such action?

Professor Bachtler: Those are very good questions. Quite a number of the issues that the EU is trying to address are long-term strategic challenges. It is significant that, over the past year or so, there has been discussion about how EU funding can be used to respond to the economic crisis. A series of measures were introduced under the structural funds to try to enable member states and regions to respond, but many countries and regions did not take advantage of those measures, because they felt that the task of structural funds was to deal with long-term strategic issues and they wanted to keep their eye on that particular ball.

The point about the EU dealing with the more strategic issues that span electoral cycles and enable some sort of predictability and long-term planning is important. Having said that, given the uncertainty in areas such as the mitigation of and adaptation to climate change, as well as the future economic situation, there is a strong argument for increasing the flexible element of the EU budget. The non-paper gives some examples of that.

Commission President Barroso in his political guidelines speech to the European Parliament mentioned three priorities. One was that future spending would focus on added value. The second was that decisions would be based on solidarity. It is significant that the third was that more flexibility should be built into the management of EU spending. There are little examples of that, such as the EU's capability to provide funding in response to natural disasters.

The Convener: The European globalisation adjustment fund was quite a good example of how you can build in that kind of support for asymmetric shocks.

Rhona Brankin: Changes in the world economy affect how we as the UK member state think about our priorities. Three years ago, who would have thought that we would go from almost no unemployment to the unemployment rates that we are beginning to see? In the decisions that we make as a member state, our priorities will change as the economy changes. For example, how we value peripheral areas in comparison with post-industrial areas must be flexible. That is a key issue for member states' approach as well as the EU approach.

Professor Scott: It is always worth bearing it in mind that a very small amount of money is involved. We are talking about less than 1 per cent of EU gross domestic product, although that is a huge amount of money in real terms.

The EU budget's ability to deal with the global challenges that countries and regions face is highly constrained, although I agree very much with John Bachtler that there are examples of flexibility. I am slightly ambivalent about excessively pre-programming support, which tended to happen in the past. I prefer more of a framework approach that gives us flexibility to move within resources or resource pots.

The strategic focus on the broader issues of competitiveness, research and development and innovation must be the Union's priority, with an eye to the legacy of spending programmes that we inherit, which cannot simply be curtailed. The EU qua the EU has limited scope to take some actions.

Donald Anderson: The EU is essentially a strategic body that thinks long term; the other bits are almost froth. The rest falls to the member state level—for example, the recent financial crisis was handled almost entirely at member-state level and through the European Central Bank and the Bank of England.

The Convener: We have run well over time because the session has been so informative and interesting. I thank all the witnesses for giving us the benefit of their expertise.

We will take a short break to allow our witnesses to leave.

11:42

Meeting suspended.

11:46

*On resuming—***“Brussels Bulletin”**

The Convener: Okay, colleagues, the next item on the agenda is the “Brussels Bulletin”. I am pleased that Ian Duncan, who is just grabbing a cup of coffee, is here to talk about it, after which members may make points. Do you want to draw any particular points to our attention, Ian? The bulletin is comprehensive.

Ian Duncan (Scottish Parliament European Officer): It is very detailed.

I want to draw members’ attention to three things in particular. First, the college of commissioners will go before the European Parliament for endorsement in January. That is important. The word on the street is that somebody is going down, but it is not clear which commissioner is not particularly popular. The European Parliament would like to flex its muscles, and there is every likelihood that it will not accept the college as it is, which might delay things slightly.

Secondly, the Spanish presidency begins on 1 January. The bulletin contains a little note about the presidency. The key issue will be the successor to the Lisbon strategy—the EU 2020 strategy. Spain is keen to progress that simply because of its own predicament. I think that it has the second highest unemployment rate in the EU, so it is not happy, and it is keen to try to advance any support and protection for jobs that it can.

I will touch on the third matter, which one of the earlier witnesses spoke about. Last week, what is now being called the EU 22, which is a group that supports the CAP, met in Paris. That group, which does not include the UK—members will not be surprised to hear that—would like the CAP to remain or, indeed, grow. As members might have expected, it is led by France. Five countries are missing from the line-up: the UK, Sweden, Denmark, the Netherlands and Malta. It is interesting that those countries were deliberately not invited to the discussions. There is every likelihood that the group will form a core to try to advance the cause for retention of a significant proportion of the CAP.

There is one big thing and one small thing in addition. The fisheries council is meeting in Brussels this week, at which a number of quotas should be settled for the coming year. It is important to note that, because of the collapse of the EU-Norway round, it is unlikely that the demersal quotas for the North Sea will be settled. The pelagic quotas will not be settled—they will be addressed again in January.

Members may also be interested in a referendum on independence that has taken place in Catalonia. If the committee is so minded, it might be worth while having a look at what has happened there.

The Convener: Do we have the outcome of that referendum?

Ian Duncan: Yes. The outcome was broadly supportive of independence, but the turnout was abysmal. It was said that the real measure of the referendum’s success would be the turnout, which had to be more than 40 per cent in order for the referendum to be considered successful, but the turnout was lower than 30 per cent. It was an informal referendum, not an official referendum sanctioned by the Spanish state, but the politicians are keen to learn lessons from it.

The Convener: Okay. Thank you very much. You made a number of interesting points.

Rhona Brankin: It is hard to know what lessons politicians can learn from the referendum in Catalonia. My understanding is that it was absolutely a rigged referendum. Indeed, it was not even a referendum. I understand that the organisers took the decision to hold it in places where they thought that they would get a positive response.

Ian Duncan: The referendum was interesting by virtue of the nature of the way in which it was conducted—you are right.

Rhona Brankin: Absolutely. It was pretty blatant.

Ian Duncan: There were aspects of selectivity that were questionable.

One curious thing is that such votes are always of interest to people in Brussels because they are indicative of what is going on in member states, and people in Brussels are often interested in what these things might mean for the future.

The Convener: It sounds as if it was not quite a referendum.

Sandra White: I know someone who was over there as an international observer. He paid his own way; it did not cost anyone any money—apart from him, unfortunately. He thought that it was very interesting. I can bring an unofficial report to the committee, convener.

The Convener: I do not think so. To be honest, when Ian Duncan said that it was a referendum, I thought that it was an official referendum.

Sandra White: They happen every other year. Catalunya does them all the time. Obviously, coming from the party that is in government in Scotland, I am interested in the fact that the referendum was apparently unofficial; I am also

interested in how it was funded and whether it was funded at a local level. From the feedback that I have had, it was not done as selectively as some folk make out. I am looking forward to having a wee look at it. I think that the turnout was more than 40 per cent in some regions; it may have been less in others. I do not know about the median figure that was given, but I can certainly confirm what it was.

I have a question on the group that Ian Duncan mentioned—the 20 or 22 group.

Ian Duncan: Do you mean the group that is concerned with agriculture and the CAP?

Sandra White: Yes.

Ian Duncan: It has 22 members, which is why it is called the 22 group.

Sandra White: How is the group organised?

Ian Duncan: The best description is that France invited its pals.

Sandra White: Is it paid for out of European funds?

Ian Duncan: No. It is an entirely informal group. France is looking to secure the strongest lobbying position that it can and is trying to find member states that are likely to support its cause.

Sandra White: I was just interested in whether the group had funding.

The section on the EU role in sport, on page 14 of the bulletin, says that

“the Commission will develop a specific EU sports programme, supported by a budget.”

With the Commonwealth games coming up, I am sure that Glasgow and the rest of Scotland would be happy to have the money.

The Convener: We will take a careful note of the point.

Ian Duncan: I am happy to follow up on it.

Jamie Hepburn (Central Scotland) (SNP): I am very interested in finding out what is happening in Catalunya. It sounds as if we can learn some interesting lessons. If Sandra White wants to provide a paper—officially or unofficially—I would be very interested to see it.

My question is on the EU budget non-paper, which has been referred to. I am at a loss to know what a non-paper is. To me, it sounds like a nonsense.

Ian Duncan: A non-paper allows the authors—usually the Commission—to put together a position without necessarily having to defend it as an official line. It is a way of putting out into the open issues for discussion without the ideas being directly attributable to the author. It is a device that

is commonly used to stage a debate, if you like, and not as a definitive statement.

Jamie Hepburn: That is useful.

Jim Hume: I am interested in Ian Duncan's view on Iceland and the fisheries negotiations—indeed, I raise the point for Ted Brocklebank, who is absent. I am also interested in the so-called 22 group. Is it a significant development? The UK is not one of the 22 members; it is one of the other five. Is that a difficulty for us?

Ian Duncan: France would claim that it did not deliberately not invite the UK—that is its position. Apparently, the UK was invited after lunch in an observer capacity—I am not sure whether to observe lunch or some policy discussions. At the moment, France is very keen. As the single largest recipient of CAP funds, it will be the single largest loser if there is any substantial reform. It is marshalling arguments as to why the CAP needs to be maintained, which include arguments about food security and the need to deal with climate change and some of its manifestations. France is keen to put forward the boldest argument that it can, fully aware that it may be whittled back in the negotiations. The more bold the argument, the less whittling will take place. The UK will be keen to be aware of what is going on and to participate in that, as its view—that the CAP requires fundamental reform—is nearly the diametric opposite of the French view.

We are at an early stage. This is the great dance that takes place before the budget negotiations begin in earnest, and people are trying to find alliances, common cause and fellowship between the member states. More of the same will come. The real question is whether the EU five—the member states that are not participating in the 22 group—will form some other group to coalesce their thinking. There is no word of that yet, but it is possible that they have a common cause, albeit on exactly the opposite side from the 22 group.

Jim Hume: The vast majority of member states are in the 22 group, if my sums are right.

Ian Duncan: The strange reality is the discrepancy between France, which is a major recipient, and the new member states to the east, which would like to be major recipients but seem to have got on the bus just as it is approaching its terminus, which is unfortunate for them. You might recall that, when those countries joined the EU, they were excluded from the full support of the CAP with the interesting argument that they would not really understand how to spend the money. I thought that that was a strangely patronising view; nonetheless, that was what happened, and that argument allowed France to retain the lion's share. So, although France is an established agricultural state, it manages to retain more funding for its

agriculture than would, for example, Poland, the Czech Republic or the other eastern states.

That is against the backdrop of the likelihood that the next agricultural commissioner will be a Romanian and a close ally of the French—in itself, that is an interesting development. That commissioner has been called France's second commissioner, which should give members some indication of what might happen in the long term.

It is true that fisheries will be at the heart of Iceland's ambitions. The consensus is that Iceland has managed its resources well and that it would not want to adopt what it would argue is a discredited European policy that is widely regarded as not having managed resources well. So, reform of the common fisheries policy will coincide with the negotiations between Iceland and the EU. There may well be movement towards the Icelandic model simply because it seems to have worked, rather than adherence to the CFP, which has had its flaws and many critics.

The Convener: On the common agricultural policy, it is interesting that we embarked on this blue-skies-thinking EU budget review because, the last time, France got away with a deal such as everyone said it would never get again. France agreed that it would not get that again—that it was a one-off, once-only deal and that there would be a proper review of the EU budget. It is interesting that France seems to be changing its mind on that. I think that we will watch this space.

I want to ask briefly about the EU 2020, which is important for Scotland. When we were in Brussels, we picked up the fact that, although the document had just been launched, the consultation will close on 15 January—as is noted in the paper—which gives no one time to consult. Had the closing date not been so close, I would have liked the committee to take evidence. I have, however, heard that, because the timeframe is so tight, the discussions will go on and that we should not regard 15 January as an absolute cut-off date. The National Assembly for Wales has sent to President Barroso a letter commenting on the implications for Wales. We should perhaps take evidence in the new year, although we would not be able to meet the closing date of 15 January. Do colleagues agree to that?

Members indicated agreement.

Ian Duncan: No one is happy with the deadline. It seems that President Barroso was concerned that it might have appeared that he was not doing anything when there was a vacant period in which something could be done—so that was the something. It is not clear why they chose the deadline of 15 January, given that the new Commission may not be in place until 1 February. I cannot believe that this could ever be anything

other than an interim step toward greater consultation with all the affected parties; otherwise it turns on its head the way in which the EU has been moving, which is towards greater consultation and more inclusion and discussion.

The Convener: That is helpful to know. We should look to programme a meeting on that early in the new year. Do members agree?

Sandra White: You said that the Welsh Assembly had sent a letter. Has our Government sent a letter? I would ask that it does.

The Convener: The European and External Affairs Committee of the Welsh Assembly sent the letter. It was in a position to do that because it had a meeting on 1 December, just after completing a report on cohesion. It was therefore well placed to say “These are our findings and we're not very happy with the way you're conducting this inquiry.” That committee was therefore a bit ahead of us, which is why I suggest that we take our role in this matter quite seriously and look to programme in an evidence session in the new year. I would hope that, as a result of that, we could contribute something to the Scottish Government, the UK Government and the Commission, if members agree.

Members indicated agreement.

The Convener: I thank Ian Duncan. Do members agree to note the contents of the report and forward it to the relevant subject committees?

Members indicated agreement.

Correspondence

12:01

The Convener: Item 4 is correspondence from the Scottish Government. The original paperwork that was sent out to members had some papers missing, which was why I thought that the original letter started in a strange place. However, we now have two sets of paperwork, and I apologise for what happened. The revised paperwork is complete.

Members will see that there are two letters, one of which is from the previous Minister for Culture, External Affairs and the Constitution, Mike Russell, following his appearance at the committee on 29 September. I wrote to him after that because the committee felt that a number of outstanding issues had not been addressed.

One of those issues, which I still do not think has been addressed in the previous minister's reply, is in relation to ministerial attendance at council meetings. Mr Russell clearly stated to the committee that there had been ministerial attendance at 10 meetings, but we pointed out that there were 31 further meetings at which there had been no ministerial attendance. He undertook to look at every meeting and provide us with a full exploration of why ministerial attendance had not been possible, but that has not been done. We need to take up that outstanding point with the new Minister for Culture and External Affairs.

Do members have any points on the first ministerial letter?

Rhona Brankin: I have not yet managed to find it among the papers.

The Convener: I will give colleagues a minute to look through the papers.

We also asked the minister to provide international documents, which he said he expected would revert to the committee shortly. Obviously, that may be part of our later discussion in private on how we take forward the international inquiry. I would be content to note that part for the minute on the basis that we are going to discuss it later, but I also express disappointment, as I did to the minister during the meeting, that the refreshed North America plan is now about a year and a half overdue. In addition, the India plan has not come at all.

Is there anything else colleagues wish to raise?

Jim Hume: I presume that we will see the new minister early in the new year.

The Convener: Yes. We are looking to schedule a meeting early in the new year: we could raise then some of the matters to which I

have referred. However, we have received a ministerial response, so it would in the first instance be fair to give the minister an opportunity to look into the issues that we feel have not been adequately addressed. If colleagues are content with that, we will proceed on that basis.

Our second letter, which is from John Swinney, the Cabinet Secretary for Finance and Sustainable Growth, has helpful and relevant information about the transposition of the EU services directive. I have discussed the matter with the clerks. The cabinet secretary has pointed out to the committee a number of the directive's implications, which cover a wide range of areas. It is the committee's job to monitor transposition—all of us are grappling to ensure that we transpose the directive properly. It might be helpful to invite an official to explain further how the process is likely to pan out, in order to ensure that we are doing all that we need to do to meet requirements. Is that agreed?

Members indicated agreement.

Brussels Visit

12:06

The Convener: The next item is a quick oral report on our Brussels visit. Colleagues who took part in the visit will agree that it was positive and a good opportunity to meet key figures in the various EU institutions. We were able to obtain useful early intelligence about the expected shape and activity of the European institutions and agenda over the next few years and, interestingly, some of the potential impacts of the new Lisbon treaty, which we will consider officially as part of our inquiry into the issue.

It is important to note that, during the visit, the "Holyrood Highlights" programme was broadcast from outwith the Scottish Parliament for the first time; that was a nice first for both the committee and the Parliament. The comments that I have received indicate that the programme was well received. I invite other colleagues who were on the trip to comment.

Jim Hume: The visit was worth while.

The Convener: The clerks will prepare a detailed written report, because we had a large number of meetings and covered a lot of ground. The report will be brought before the committee at our January meeting. On behalf of the committee, I thank the clerks and Ian Duncan for all the assistance that they provided during the trip.

As we have agreed to take the remaining items on the agenda in private, I bring the public part of the meeting to a close.

12:07

Meeting continued in private until 12:24.

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