



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

EUROPEAN AND EXTERNAL RELATIONS COMMITTEE

Tuesday 28 June 2011

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EUROPEAN AND EXTERNAL RELATIONS COMMITTEE

2nd Meeting 2011, Session 4

CONVENER

*Christina McKelvie (Hamilton, Larkhall and Stonehouse) (SNP)

DEPUTY CONVENER

*Hanzala Malik (Glasgow) (Lab)

COMMITTEE MEMBERS

*Helen Eadie (Cowdenbeath) (Lab)

*Annabelle Ewing (Mid Scotland and Fife) (SNP)

*Bill Kidd (Glasgow Anniesland) (SNP)

*Jamie McGrigor (Highlands and Islands) (Con)

*Aileen McLeod (South Scotland) (SNP)

*attended

THE FOLLOWING GAVE EVIDENCE:

Ian Campbell (Scottish Government)

Ian Duncan (Scottish Parliament European Officer)

Fiona Hyslop (Cabinet Secretary for Culture and External Affairs)

Heather Jones (Scottish Government)

CLERK TO THE COMMITTEE

Lynn Tullis

LOCATION

Committee Room 2

Scottish Parliament

European and External Relations Committee

Tuesday 28 June 2011

[The Convener *opened the meeting at 14:03*]

Europe and External Affairs

The Convener (Christina McKelvie): I welcome all committee members and members of the public to the European and External Relations Committee's second meeting in the fourth parliamentary session. I remind members and the public to ensure that their mobile phones and BlackBerrys are switched off, as they interfere with the sound system.

Agenda item 1 is evidence from Fiona Hyslop, the Cabinet Secretary for Culture and External Affairs. She is joined by Heather Jones, who is deputy director in the Scottish Government's international division, and Ian Campbell, who is the head of the Scottish Government's European Union office in Brussels. I welcome you all to the meeting. The cabinet secretary wishes to make an opening statement.

The Cabinet Secretary for Culture and External Affairs (Fiona Hyslop): Good afternoon, committee. It is a pleasure to be here with the new committee in my new position as the Cabinet Secretary for Culture and External Affairs.

The committee has invited me to set out my plans and priorities on Europe and external relations for the coming parliamentary session. I welcome the opportunity to set out the plans for external engagement in Europe and further afield and to develop Scotland as an ever more creative nation with a rich heritage that contributes to the world as it prepares to become a modern, independent state. I hope to have a constructive relationship with the committee. I would like to share information with it, to seek and receive advice from it and to ensure that proper democratic accountability is realised.

This morning, I described to the Education and Culture Committee how Scotland's exceptional range of cultural assets can act as a means to communicate our role in the world and what we have to offer. I will not revisit that, but it is worth recognising the contribution that culture makes to Scotland's economic performance and international reputation.

Scotland is a modern country that uses new technologies. Examples of that are our globalscot network and online tools such as Scotland

Exchange, whose visitor numbers have risen by 20 per cent in the past month. Scotland has a substantial store of good will to draw on; 1 million people who were born in Scotland live outside it—that is 20 per cent of the Scots-born population—and there are estimated to be 50 million people of Scottish descent around the world. Many are already connected to Scotland through friends and family and stay in touch by using digital platforms such as Scotland.org and Scotland Exchange. The diaspora can open doors for Scotland and provide opportunities to showcase Scotland as a progressive nation with a global reach. I am struck by how far we have come even in the past four years and I am convinced that focusing our resources will continue to ensure that Scotland is ahead of the game where it counts.

I move on to Europe and the European Union. Our priorities for the European Union are set out in the European action plan, which is updated every six months to coincide with the changes in the EU presidency. The next update, which is due in July, will set out objectives in the four key policy areas of energy and climate change, the marine environment, research and creativity, and freedom, security and justice.

My Cabinet colleagues and I will endeavour to drive forward those subjects and other important policies, such as the EU budget review. By enhancing our bilateral relationships with other member states, we can establish valuable partnerships to develop renewable energy projects, for example, which will stimulate economic activity to benefit all Scotland's citizens. That is all underpinned by regular, constructive dialogue with the consular corps that is based in Scotland, which has provided excellent insight and continues to play a key role in developing and maintaining meaningful relationships with our European partners and those who are further afield.

We seek a stronger legal right to representation in EU decision making. We will propose an amendment to the Scotland Bill on EU involvement, to provide the Scottish ministers with a legal right to be included in the United Kingdom delegation and to participate in relevant proceedings in the EU. In the meantime, the Scottish ministers are committed to attending relevant Council meetings, where we can see key commissioners and ministers from other member states. Last week, Stewart Stevenson participated in the environment council and played an active role during the meeting and at its margins to promote in particular Scotland's leadership and high ambition on climate change and the low-carbon economy.

As well as dealing with the constitutional aspects of shaping our future and our commitment

to increasing Scotland's influence in the European institutions, the Scottish Government has a responsibility to raise our profile in Europe in the same way as we do in our wider international work. In the coming months, the Scottish ministers will receive ministers and ambassadors from all over Europe—that will include visits from the German, Dutch, Swiss and Finnish ambassadors. Many of them will also want to engage with the committee.

In the wider international arena, our international activities make a crucial contribution to the Government's key purpose. Our international framework steers our international engagement towards growing Scotland's population, increasing economic growth and enhancing Scotland's reputation as a place in which to live, work, learn, invest and do business. This is a Government with ambition for Scotland at home and abroad. As we move on as a Government and as a country, we will need to focus on making informed choices and prioritising our international work with finite resources. That applies as much to international work as it does to domestic work.

As the First Minister said in his first statement of this parliamentary session:

"Our ambition is a Scotland that flourishes: a Scotland that is open for business, where success is rewarded and nurtured, and where opportunities are seized ... with both hands."—[*Official Report*, 26 May 2011; c 73.]

That sentiment was reflected only last week by the committee's deputy convener in his speech to the Parliament.

My role is to act as Scotland's voice beyond these shores, to represent the Government's interests across the world and to promote Scotland as a modern dynamic nation. Our wealth of experience will continue to benefit the international community and key partners across the developing world with whom we are building enduring relationships. Scotland is aware of its responsibilities to the wider world.

We will continue to contribute to international development through our grant funding programmes. We will protect spending that makes a difference to some of the world's poorest and most vulnerable people. We will build on that support by working with our partners in the developing world to address challenges in areas where Scotland can bring expertise to bear.

We are positioning ourselves as a modern, dynamic nation, presenting an enlightened outward focus and using our historical and cultural assets. We are promoting innovation and we are building enduring partnerships. We will continue to foster a strategic, co-ordinated and joined-up approach to the promotion of Scotland with

partners in the cultural and economic fields so as to build on our international reputation.

We will capitalise on collective opportunities. We will encourage focus around the broad Scotland message that we want to deliver to the world, and around how we present ourselves as a nation. We will harness key events, hosted here in Scotland or overseas, such as our winter festivals programme, the 2012 Olympics and the Ryder cup and Commonwealth games in 2014.

We will engage the estimated 1 million Scots-born people who live outside our country, and we will explore the potential to translate their affinity for Scotland into mutually beneficial hard-edged business partnerships.

We are competing with ambitious countries that are all keen to promote themselves on the world stage, but few of them have Scotland's unique selling points.

Through our strategic and co-ordinated approach to the promotion of Scotland, I want people to see a country that is a progressive nation with global reach. Our modern economy is supported by world-leading technologies in renewables, in tackling climate change and in cutting-edge life sciences, as well as by the creative industries and our traditional industries. It is a country that is creative in everything it does, and that is world renowned for its warm people and welcome. It is a country of rich natural and built environments. Scotland has 6,000 miles of mainland coastline, 283 mountains above 3,000ft, six majestic cities and an abundance of natural resources—a fantastic unique selling point, as I hope you agree. Obviously, Scotland is the home of golf and whisky. Our 550 golf courses and 2,500 varieties of whisky—accounting for £3 billion in exports—are a very attractive proposition for many.

We cannot rest on our laurels, however; we must keep Scotland in the front of people's minds. Other countries are competing for the same goals, for the same pool of talent, for the same investment opportunities and for the same wealthy tourists. We should be continuing to work collectively to boost recognition of our contemporary and creative cutting-edge culture, which can include business and scientific innovation, and to build opportunities for investment in Scotland, contributing directly to economic growth.

Scotland has a long and proud history of welcoming migrants. The cultural, economic and social contribution that new Scots make in shaping a modern and vibrant Scotland benefits us all. Migration is a key part of ensuring Scotland's future prosperity. Our relationships with Canada,

the United States, China, India and Pakistan are strong, and they will remain vital.

There is an important economic and commercial focus across my portfolio. We will continue to utilise Scotland's rich heritage, tremendous cultural assets and worldwide reputation to boost exports, tourism and economic growth through our strategic approach to the promotion of Scotland and our engagement with the international community.

I intend to refresh our international framework, which will provide a clear message on why Scotland needs to engage with others outside of Scotland and on how we will do that. The committee may wish to return to that issue when the framework is produced.

Our manifesto gave a commitment to take forward our refreshed USA plan and our new Canada plan. Both those plans were published within the past 12 months and they remain ambitious and consistent with the Government's strategic objectives for international engagement.

Scotland wants to show support and compassion to people in adversity. We have a role to play in addressing global challenges and responding to international humanitarian crises.

We are keenly aware of our place as a long-standing nation in the wider world, and of our responsibility as a citizen in this community of nations. Promoting a nation of 5 million people in countries such as the USA, Canada, India and China means competing with other countries, but we must take advantage of our competitive edge and assets in doing so. We need to be prepared to stick at it for the long haul, building on the progress that we have made, deepening our relationships and collaborating in the most effective way with business, cultural, educational and other interests.

Scotland's unique approach to international development is making a real difference to some of the world's most vulnerable groups and we will continue to build on that work in the coming years. We will be innovative in our approach, and we will consider how Scotland's expertise can support development priorities in areas such as water, climate change and renewable energy.

14:15

In particular, the Scottish Government remains committed to its Malawi development programme and to working in partnership with the people of Malawi to support poverty alleviation and the achievement of the millennium development goals. More than £5 million has already been allocated from the international development fund to the Malawi development programme for the next two

years. That work includes projects under the civic governance and society strand of the Scotland-Malawi co-operation agreement as well as the strong links between the Scottish Parliament and the Malawi National Assembly, which are specifically designed to support the enhancement of good governance and promotion of human rights in Malawi.

Looking to the future, I believe that we must work together to develop and retain our distinctiveness without losing sight of our strong history and to maintain and manage our international reputation. If we are to continue to see the recent positive trends in Scotland's population growth and to address our long-term demographic challenge, we must recognise the importance of integration into our communities and demonstrate a warm welcome for fresh talent.

Using the many tools at our disposal, we will strengthen and deepen existing relationships at home, in Europe and throughout the world. We will focus strategically on our priority countries and the policy areas that are of importance to Scotland to deliver economic benefits and encourage broader and deeper engagement with those who wish to live, work, study, travel to and do business with Scotland.

The Convener: Thank you for that quick yet comprehensive world tour of Government policy.

Committee members have questions on various themes, all of which you have touched on. You mentioned that the Government was refreshing its international framework. What are your priorities for international engagement and what do you expect that to achieve for Scotland?

Fiona Hyslop: In my opening remarks, I set out an overview of what we are trying to achieve. The international framework, which sits on top of a number of our EU framework and country-specific framework plans, represents that broad overview and is what we are seeking to refresh. I am not in a position just now to go through what we are doing but I certainly think that, once that exercise has been completed, it will be appropriate for the committee to examine it as part of its work.

In 2007, we decided that our international focus would be on key countries. There have been significant developments, particularly in China, whose position is far more advanced than it was four years ago, and we have had an awful lot to do and a lot of opportunities have arisen. We also wanted to ensure that we had a better presence in south Asia and, to that end, have had ministerial visits to India and formulated our south Asia plan, which is well developed and covers our relationship with a number of countries, including Pakistan. Moreover, we have worked on specific proposals relating to the United States and

Canada. Instead of spreading ourselves over a wider international area, we have sought to be quite specific and try to deepen relationships, and I intend to continue that programme of deepening relationships in the countries that we are working with.

As for Europe, there are various mechanisms for engaging, including through the European Union's institutions, but I am also very keen to develop more bilateral relationships with countries that have a common interest. That said, although we want to grow and develop our relationship with certain strong markets and nations—I am very keen, for example, to move our relationship with Russia on, given the common interests and opportunities that exist in the wider field—we have to be careful. After all, we have finite resources and, like everyone else, the committee will want to examine where, how and for what reason we are spending money.

As a result, we are trying to be specific about where we want to go. You will have noted recent developments between the UK Government and Brazil, in particular, and we will feed into some of the activities, including the cultural connections, that it is looking to embark on. That said, we are not looking to develop our international framework beyond the US and Canada, so I am not seeking wider or deeper engagement with south America, however attractive that might be. The committee might well want a fact-finding tour of Rio de Janeiro but I am sure that the taxpayers of Scotland would have something to say about that. We are quite clear and focused in what we are doing.

As I said, we can engage in Europe through bilaterals, through different institutions and directly with the European Commission. Indeed, as we have seen most clearly with certain energy and climate change issues, that last is a key avenue for ministers to advance our case. All that sits alongside our international development work, which your predecessor committee scrutinised a lot. Of course that particular area has generated a lot of interest because we do things differently. For a start, we do not invest in or provide aid to Governments; instead, we provide aid through charities and our innovative ways of working in that area have caught the attention of different people, not least those in the EU.

The Convener: Is there a rough timescale for the refresh of the international framework? Do we know when it is likely to report?

Fiona Hyslop: I am cautious about that. We will keep in touch and ensure that you are aware of the likely timing. I realise that the committee will want to put together its programme for inquiries and so on. We will keep you informed, but I do not

want to give any hostages to fortune by giving you a date that is not realised.

Jamie McGrigor (Highlands and Islands) (Con): Cabinet secretary, you have outlined a great deal of what your Government hopes to achieve in the next five years, but could you give us a couple of priorities? How often will you evaluate the success or failure of the measures?

Fiona Hyslop: The international development work, which I have just talked about, is closely scrutinised. A study that is about to conclude has, for example, been evaluating the spend in projects in Malawi. I am conscious that people will look closely at what we are trying to achieve.

We are about to report on the impact of our relationship with the United States, so I will write to the convener on that shortly. We have good stories to tell on the economic impact. Members will have seen the big jobs announcements recently and will know that Scotland is doing well. There is constant reporting in the area. I suppose that part of the challenge for the committee is to weave its way through that constant reporting on our achievements—most of which is done externally to the Government by other bodies—to see what trends you can find.

With our European action plan, the criticism previously was that there was too much of a scattergun approach and everything was a priority. I am sure that members realise that if everything is a priority, the problem is that nothing is a priority because it is all treated equally. So, for example, we do not see culture as a priority area in our European engagement work. However, one of the four areas that are set out in the action plan is research and creativity, and the cultural creative industries form part of that.

On the four areas that are set out in the plan, the evaluation will be of our engagement levels and the impact. Some of that is qualitative, particularly in policy terms. Another of the four areas is energy and climate change, which is an issue on which the Parliament constantly reviews how we are progressing. Our role in terms of international relations is on how we contribute to our targets, which are broader than this committee's remit. The same applies to freedom, security and justice. That is challenging, because the United Kingdom is the only member state with two jurisdictions. European officials and colleagues are considering how effective we are at transposing European legislation, which is important. We can provide information on that to the committee.

There is not a dearth of information. It might be helpful to the committee if, as a follow-up, we provided a list of all the things that already exist that report on our achievements, setting out which

ones are regular, so that you can constantly monitor them. That would perhaps give an overview and allow you to see areas that you want to probe as part of your accountability role of considering whether we are actually delivering what we say we are. I am sure that there is plenty of material. We are happy to send it all to you.

Jamie McGrigor: I have just one more tiny point. You did not mention Australia or New Zealand in your list of countries, which seems odd, because we have strong links with the diaspora there.

Fiona Hyslop: Absolutely. We are developing our diaspora strategy far more than in previous years. Australia and New Zealand are obviously key parts of that. We must be careful that we do not spread ourselves too much and too fast. There is a good argument to be in a range of countries—South Africa and Brazil are two that I have mentioned previously, but we will deliberately not necessarily go there.

Tourism is a key area and is perhaps an issue to follow through with the Economy, Energy and Tourism Committee. Members might be familiar with the ship the City of Adelaide or the Carrick. We have been liaising with the Government of South Australia on whether the ship can be looked after and restored properly there. So there is some bilateral work.

As part of that, you might be aware that Adelaide has the world's second biggest fringe festival after Edinburgh, so there are very close relationships there. I just have to be very focused in my activities. I will listen to any bright ideas from the committee, but we have to be very cautious, because we do not want to overextend ourselves. There is some interesting work with New Zealand in particular about policy influences, which other committees might want to take up. I am being reticent about widening our international framework and the countries with which we are working at this point. We can prepare for perhaps being able to invest more in a better financial climate, but we have no intention, for example, of opening an office in Australia or New Zealand or doing what we have done in China and the United States. We just have to be careful with resources. However, that does not mean that there is no scope; we would work with Australia and New Zealand on the diaspora and tourism in particular at this stage.

Helen Eadie (Cowdenbeath) (Lab): I look forward to working with you, cabinet secretary, not just by being critical and analysing your work, but by supporting you and co-operating wherever we can.

You have already said a fair bit about your focus on energy and climate change, the marine

environment, research and creativity and justice and home affairs in your work at European Union level. Will you expand on how you intend to do that work? On the justice aspect, will you say something about eastern Europe? I refer you to my entry in the register of interests in that regard, because I am particularly concerned about serious organised crime and the sex trafficking that goes on, particularly involving people coming from Turkey and the rest of eastern Europe. Will that also be a priority for your Government?

Fiona Hyslop: Although I am the external affairs minister, a lot of the progress in those areas will be pursued by the cabinet secretary or ministers in the relevant areas. I suppose that the challenge for the Parliament—if it is to engage better in terms of European relations—is about how not just this committee but the other committees involve themselves in these issues. I am absolutely delighted that the Parliament has taken the decision to have rapporteurs on Europe in the different subject committees, which I think will make a tremendous difference to wider engagement.

I have worked with officials to try to ensure that, across Government, we Europeanise the civil service operation back here in Scotland. Much as Ian Campbell and his team work extremely hard and are engaged, there are limited resources in the Brussels office. For us to maximise our impact, we have to ensure that there is sensitivity and active engagement across the Government departments, whether rural affairs, justice, education or whatever.

Energy and climate change is crucial. I referred to Stewart Stevenson's engagement last week. A lot of the work is about helping the UK in relation to persuading the European Union to move forward on setting and meeting targets.

I was with the First Minister when he met President Barroso. One of the items on the agenda was the importance of a North Sea grid, because if we are developing renewables in Scotland the effective transfer of the energy will require a North Sea grid. There is a lot of interest in Europe about energy security—obviously, our expertise could be helpful there.

There is active engagement with the Commission to present Scotland's capability and expertise in different areas. A lot of the dialogue on energy relates to that.

On research and creativity, Mike Russell is very engaged in how we can take forward the next framework programme and how we can mobilise and reach out to the interests in Scotland more effectively, particularly our academics, to maximise our opportunities.

14:30

Budgets are a big issue. In the next European budget round there will be pressure to keep it stable or, indeed, reduce it—some countries will argue for that. The issue is where the balance of funding will be. Obviously, we have a keen interest in the common agricultural policy and the common fisheries policy, and we all realise that there will be pressures on those budgets, but we should be able to increase our opportunities in terms of the research budget. I engaged on that with the reporter to the European Parliament who produced a report on how we can work on budgets to maximise research and creativity. That is an active engagement in which we are involved.

I also represented the UK at the informal council on creative industries in Barcelona. I believe that we have good strength in the creative industries.

The marine environment is critical and clearly those issues create most tension. Richard Lochhead is in Luxembourg today at the agriculture and fisheries council. That engagement will be on mackerel and other areas, so there is active involvement there.

I will ask Kenny MacAskill, the Cabinet Secretary for Justice, to respond to the committee's specific questions on freedom, security and justice. Obviously, much of that is about cross-border issues in particular. There are areas in which he will work with Ken Clarke, particularly on the UK's position on some issues that it has put forward. Serious organised crime, sex trafficking and so on are key areas and we need to ensure that we give them as much attention as possible.

That was a rather big question from Helen Eadie, which covered just about every area. I have probably given you a flavour of some of the big issues on which we are concentrating. Has that given you a sense of the work?

Helen Eadie: You have done really well, cabinet secretary. On Scotland sharing knowledge and experience, you referred quite a lot to how we can benefit other countries. How can we maximise that sharing across Europe? I do not know whether you agree, but I detect a feeling that Scotland can do a bit better in that regard.

Fiona Hyslop: It is a good challenge. I think that it was on my first day as Cabinet Secretary for Culture and External Affairs when I spoke at an event that was hosted in Scotland House in Brussels at which we shared our experiences of festivals with a range of different countries. Again, we see that very much as being part of our responsibility and we have a number of events in Scotland House to showcase our expertise in that regard.

The director general for education, training, culture and youth attended an event, and he was interested in the fact that Scotland had put culture and external affairs together in a portfolio. He thought that that was progressive thinking in terms of positioning on cultural diplomacy and so on. However, on my very first day in the job we expounded on the virtues of festivals, because there is an awful lot to learn about how to do festivals—how to optimise them and keep them competitive. Obviously, the Edinburgh international festival has not by any means rested on its laurels. Festivals Edinburgh and others produced the report "Thundering Hooves: Maintaining the Global Competitive Edge of Edinburgh's Festivals" in order to ensure that they keep ahead of other international festivals. Ian Campbell can talk about some of the events that we have hosted to share our expertise.

Ian Campbell (Scottish Government): Certainly in Brussels we host events to promote Scotland and what we are doing. Partnerships have developed around research with universities and businesses in Scotland. The current work on energy and climate change has been taken forward in partnership, because we cannot deliver it on our own. Across most of the areas that we are talking about, and certainly the priorities, there is partnership working, which is key to all the areas. A lot of work is going on publicly and behind the scenes to try to take that forward.

Fiona Hyslop: It is not always about events that happen on the continent of Europe. Obviously, we can host international events here. Where possible, we are keen to get EU commissioners to come and see at first hand some of our cutting-edge technologies and different experiences. Interestingly, in relation to Turkey, Scotland played host last year to the EU-Turkey joint consultative committee, which held an event as part of the development of access requirements for Turkey's membership. Obviously, that is a long-standing piece of work, but the committee came to Scotland as part of that. We therefore host events as well as contribute to them.

If there is an issue about whether European states should undertake more showcasing among themselves, the informal councils probably provide a good opportunity for that to happen. Much happens outside the councils, and it is not just about the European Council—there are other avenues. There is plenty to do, but any feedback from the committee about whether we could or should be doing more in this area would be welcome.

The Convener: You mention the tie-up with energy policy, and there is an opportunity for engagement at the transport, telecommunications and energy council. Is the Scottish Government

getting an opportunity to participate in that council?

Fiona Hyslop: There has been no activity at the energy council recently. Despite the fact that we were a minority Government and had to be here for voting and for Cabinet meetings on Tuesdays, Wednesdays and Thursdays, we had a high level of attendance at the European Council. There are other ways besides the council to engage on energy, although there may be forthcoming councils at which we will want to engage. There are challenges, depending on the differing focuses of the policy areas.

We have probably made better progress through engaging directly with the Commission. For example, at the First Minister's meeting with President Barroso he also met Andris Piebalgs, the then Commissioner for Energy, as did Jim Mather, who was the Minister for Enterprise, Energy and Tourism. We have tended to have more direct engagement with the Commission on the energy council than we have through attendance at that council. I have here a list of council attendance. Most of our attendances are at the agriculture and fisheries council, for the reasons that we have just gone into. Also, Mike Russell led the UK delegation at a council on culture, and at the freedom, security and justice councils—the home-affairs type council meetings—we have had better attendance and better opportunities to attend.

Bill Kidd (Glasgow Anniesland) (SNP): The action plan on European engagement states:

"The Scottish Government will work closely with the governments of Wales and Northern Ireland to ensure that the role of the devolved administrations in European affairs is fully recognised. We will also look for opportunities where we can work with our Welsh and Northern Irish counterparts on specific EU issues on which we have similar interests."

What opportunities and interests does Scotland share with Northern Ireland and Wales?

Fiona Hyslop: The clear interests are rural affairs and some fishing issues, in particular, on which Richard Lochhead has regular meetings with the devolved administrations and in Brussels. In January, collectively with Wales and Northern Ireland, he issued a statement on the development of the UK's thinking on common agricultural policy reform. That is one example of co-operation.

There are more formal meetings and there has been continuous partnership communication with the UK Government through the joint ministerial committee on Europe. The joint ministerial committees generally went into abeyance some years ago; the only one that kept going was, for some reason, the joint ministerial committee on Europe. I agreed with the convener of the previous session's European and External Affairs

Committee to provide information about what has been discussed at those meetings when I can.

Generally, we liaise with other devolved administrations on their priorities both in order to see where there are common interests and to find out whether something that we might suggest might cut across their interests.

To take an example of a fishing issue, Northern Ireland has an interest in mackerel, but there can be interests in other areas. At the most recent British-Irish Council in London, which I attended with the First Minister and John Swinney, one of the items was energy and how collectively, across the British Isles, there could be common interests, such as I have described, in energy. That kind of discussion feeds into our thinking on Europe. Wales and Northern Ireland are also represented at those meetings, so there is a lot of trilateral discussion. For example, finance issues would be UK issues.

In relation to Europe, structural funds are an area of common interest and we have set out our concerns. The previous UK Government—and, initially, the current UK Government—took the view that some of the wealthier states should completely cut their structural fund investments or that structural funds should not apply to them, but I think that we have persuaded the Government that if it is looking to shift funding from structural funds, a more staggered and phased approach is needed. Wales and Northern Ireland made a strong case and we worked collectively on the matter. It is often about influencing the UK position, which the UK will present in the EU. Sometimes that works and sometimes it does not.

Bill Kidd: Are there opportunities for the development of shared interests within UK structures such as the JMC on Europe, or are there opportunities through our representatives in Europe that are not at member-state level? The UK is the member state; are there opportunities for what we might call submerged nations and regions to operate together?

Fiona Hyslop: There is clearly a great deal of activity from lots of nations and regions that are not states. I think that Jersey and Guernsey are working together on representation. Wales and Northern Ireland have offices and we liaise with them on interests in Europe. However, it is better to deal with some of the policy issues by having bilateral or trilateral meetings with Wales and Northern Ireland and then working collectively to try to influence the UK.

In relation to what we do that is separate from the UK, there might be common interests, but we are talking about a big area in which we are trying influence policy, and our four key priorities are not necessarily shared by other nations. It is about

aligning when we can. There is a danger that we could spend an awful lot of time trying to seek agreement and co-operation on areas other than the four key areas. If anything, I am being quite ruthless and saying that we must focus on our four key policy areas. Ian Campbell might want to add something.

Ian Campbell: There is a body called Regleg—the conference of European regions with legislative power. Scotland is a member, as are Wales and Northern Ireland. Regleg meets regularly in Brussels to discuss areas of common interest. This year the Brussels-Capital Region has the presidency of Regleg and has set out areas in which we have an interest, such as structural funds and future cohesion policy. That required a bit of focus that was not there in the past; the debate has reached the right point and there is a small cluster of larger regions in Europe that share interests and are prepared to share their knowledge and thinking, which helps to take things forward.

We have regular discussions with Wales and Northern Ireland, particularly around the Brussels office. I will give an example of co-operation. When Northern Ireland was given new powers over criminal justice matters, it worked closely with us in Brussels to see how we were set up and how we operate. Northern Ireland also worked closely with officials in Scotland, to learn from what we have gone through during the past 12 years—Northern Ireland had to start from base to get up there. When there is a matter that is clearly a common interest, there is co-operation and we try to learn from one another.

Aileen McLeod (South Scotland) (SNP): The cabinet secretary will be aware that tomorrow or on Thursday the European Commission will publish its proposals for the shape of the EU budget from 2014-20, which will fire the starting gun for the debate on the future shape of all EU spending priorities, many of which are of key importance for Scotland. The forthcoming negotiations will take place against the backdrop of the most severe fiscal and economic crisis that has been experienced, and there will be considerable pressure from net-contributor member states, including the UK, to restrict the growth of EU spending as much as possible. With that in mind, what are the Scottish Government's priorities likely to be in the discussions and negotiations that lie ahead?

Fiona Hyslop: I spoke about our key priorities. It is also about recognising the importance of the CAP and the common fisheries policy to Scotland. We realise that there must be progress, development and change, but we must also ensure that Scotland's interests are protected. On such issues we probably have more common

interests with Wales, for example. I put forward that position as recently as the most recent JMC.

14:45

As I have also mentioned, if there is going to be an increase in funds for climate change and energy research, we should ensure that the United Kingdom and Scotland can maximise their impact in that regard.

One of my key priorities is to engage with the UK Government so that we can understand its position in terms of negotiation, and work out how we can influence that. I have to be confident in the UK Government's ability in that context. That is progress from the situation with regard to previous engagement with the UK Government in terms of its priorities and negotiating positions.

Justine Greening is the UK Treasury minister who will be taking forward much of this work, and she is keen to have bilateral meetings with our finance ministers in order better to understand our focus. John Swinney has already been engaging on our key priorities, and we have told the Treasury what our position is.

I am conscious that the budget proposals are about to be published and we are still in a development stage with the UK Government, which involves setting priorities and understanding each other's priorities. I am happy to follow up the matter with the committee and to inform you of as much as I am able. I cannot publicly betray the UK Government's negotiating position, but I can try to share with you information about the areas in which we think we can exert influence.

More broadly, we must ensure that CAP reform does not cause our farming communities difficulties. On fishing, Richard Lochhead has quite clearly set out his views.

We should not think only about what we can try to protect; we should also think about what we can get out of the relationship. Energy, research and climate change are key areas and, if there are budget shifts towards those areas, we should maximise Scotland's ability to take up that European funding.

Aileen McLeod: Will the EU budget negotiations be a standing item on the joint ministerial committee, or are they already?

Fiona Hyslop: They have been for some time.

Aileen McLeod: Are there any plans for the Scottish Government to meet the other devolved Administrations in Belfast and Cardiff to discuss a joint strategy on the EU budget, especially in terms of CAP reform and the EU structural funds?

Fiona Hyslop: Again, those engagements have already been happening. Richard Lochhead has

had discussions with them around the CAP and the CFP. I met ministers from Wales and Northern Ireland prior to the previous JMC Europe, and I intend to meet them more regularly. I have also invited them to come to Edinburgh. Those discussions will take place, but we have to move quickly.

I have had those discussions with the previous ministers but, obviously, there are new ministers in place in Wales and Northern Ireland and I am the only continuing minister with responsibility for European affairs in the devolved Administrations. I am keen that we continue those discussions. The meetings with Justine Greening will be important in terms of setting out the Scottish priorities around the budget. It is not a case of waiting for the budget to be published before we engage; we have been doing so for some time and will continue to do that.

Again, I will share with the committee as much information as I can, but I will have to respect the Government-to-Government relationships between ourselves and the UK Government and the other devolved Administrations.

Annabelle Ewing (Mid Scotland and Fife) (SNP): I commend the cabinet secretary's ambitious programme for Scotland's engagement with the world—notwithstanding that Scotland is slightly hampered in that we have one hand tied behind our back because we have no automatic right to a seat at the top tables in Europe or elsewhere.

On funding, but perhaps more on the micro level, how can we ensure that our companies, public sector bodies and individuals maximise their uptake of EU funding streams? How do we get the most out of that and how do we compare our uptake with similar countries in the EU?

Fiona Hyslop: Jim Mather was the minister who was previously responsible for European funding streams, and Alex Neil is the new cabinet secretary who will progress those issues, so the committee might want to take that up with them.

We should be doing it anyway, but in straitened times it is even more important that we maximise the funds that we get from Europe and how and when we get them—for example, we can look at whether we can double up funding.

In my previous role as Cabinet Secretary for Education and Lifelong Learning I was very keen to influence European funding, particularly to help young people who might be at risk of unemployment. Just as we were entering the recession, we—along with Skills Development Scotland—came up with a lot of inventive schemes to use European funding strategically in that regard.

We have seen the dividends from that, but still too many young people here are in a difficult position in comparison to young people in other nations. We have done reasonably well; that is the creative thinking at micro level that you are talking about.

I mentioned cross-responsibility earlier. I would not necessarily oversee that issue, but I can see the joins, and I would try to encourage colleagues to work together. It is the same for Mike Russell and his responsibility for research funding, Alex Neil and structural funds and Richard Lochhead and rural funding. It is critical that we have an overview in order to maximise that funding.

It is a good proposal in terms of rating where we are, and I am sure that Alex Neil as the responsible minister will want to take it forward, but there is always room to go further. In terms of access to funding, I am struck by the creativity with which other countries manage to obtain more funding in certain areas. We need to make our moves in climate change, in energy and in some of the research and creative industries because we have new opportunities in those.

We should think more creatively about sustainability in agricultural issues. The committee could probably explore that more with Richard Lochhead, but if that is the direction of travel we need to ensure that we get the most out of it rather than being at the end of the queue.

Annabelle Ewing: Thank you, cabinet secretary. I am conscious of the time, so I will restrain myself today.

The Convener: Thank you for restraining yourself. I will move on to Hanzala Malik.

Hanzala Malik (Glasgow) (Lab): Thank you for being here this afternoon, cabinet secretary. The stall that you have laid out is exceptionally well thought through, and I am impressed with what you hope to achieve. I hope that we will build on it and that it is just a kick-off rather than a whole-term position.

I hope that you might be able to shed more light on one area in particular: the natural resources that we have in Scotland. How would we consider tackling the issue of future security that you mentioned? We have seen countries turning off oil and gas supplies, which would obviously affect our energy capabilities in the future, so we need to look at what we have in-house. Which would be the most appropriate committee to tackle that issue?

Fiona Hyslop: The good news is that Scotland is well placed because of our supply of natural resources. However, just because we are in a good and comfortable position does not mean that we cannot contribute to other people's thinking.

One example of an energy issue that relates to the North Sea grid is how we will transfer renewable power in the future from the north of Europe, where a lot of the renewable energy will be sourced, to the south of Europe. I suspect that the subject would be better placed with the Economy, Energy and Tourism Committee, although there is a real challenge for the Parliament as a whole. The four key priority areas for the Government are not just for this committee to examine in detail. We can take an overview, but I would expect the EETC to examine energy issues, and the Rural Affairs and Environment Committee to look at climate change. Stewart Stevenson has been extremely active in his engagement on that, and last week he had bilateral discussions with various countries about climate change issues. I take an overview as the cabinet secretary on what is happening in those areas, and this committee can too.

It would be a very good exercise to encourage the subject committees to examine what we are trying to achieve in the four priority areas. Our international work is not about just what we can get out of our relationships; it is also about what we can contribute. I want Scotland to be perceived as a partner; there has to be a two-way relationship.

The committee could liaise with the Economy, Energy and Tourism Committee on whether to have a joint look at energy security and at opportunities in the renewables sector. There is no reason why we cannot be creative about how we go about such an inquiry. It is a huge area. Members will remember that Vice-premier Li visited Scotland and saw some of our cutting-edge technology. When someone so senior in one of the major developing economies wants to come to Scotland first to see what we have, it becomes clear to the world that we have something to offer.

Hanzala Malik: On our current activity with the Assemblies and their committees in Wales and Northern Ireland, the Scottish Government has to bear it in mind that we do not always have a common interest. I know that the First Minister has made huge efforts to engage with various Governments around the UK and elsewhere, but we need to bear it in mind that we have our own priorities first of all and we therefore need to target those.

Europe has a very important role to play for us—I know that the convener is keen for that to be developed. Our industry is under a great deal of pressure from Europe in terms of European standards and we need to consider how we can assist our agencies and companies. The example that immediately comes to mind is Scottish Water, which is consistently under pressure from the European Union on standards, supply and so on.

Some of our redevelopment will be hampered by strict regulation. We can perhaps examine those issues to see how we can be more supportive.

Fiona Hyslop: We could, but I come back to Annabelle Ewing's point that we do not have the powers to do that directly, because business regulation is reserved to the UK Government, which is engaging in an exercise to review and minimise how it implements and transposes regulations, in order to try to tackle some of what is seen as the excessive bureaucracy of the process. My understanding is that Oliver Letwin is the relevant UK minister in that exercise. I am interested to see how that exercise progresses, because there may be areas where that activity could have an impact in Scotland and lessons could be learned in areas where we have devolved responsibility, such as water, but it is fairly early days in terms of what the UK Government is trying to do on the regulations.

Ian Campbell: It is important, when the Commission puts out proposals, that people are able to engage at that point before they become legislation—that is the key time to engage. When the proposal has become a draft directive and it is in a working group, it is much harder to influence it. As Government officials, we have to work with stakeholders here to make them aware of the proposals when they come out, so that they can engage directly with the Commission if they require to do so and can also make us aware of their views, so that it is not only when the legislation is being passed that they wake up and say, "Ah. This creates a problem for us."

Fiona Hyslop: The committee might want to look at how the process worked with the European and External Relations Committee in the previous session. We worked out a system whereby we tried to flag up proposals to the committee and to other interested bodies much earlier in the process; Ian Campbell is right that the best time to influence the process is at the preparation stage, before proposals are developed. We made good progress on developing the process and procedures for sharing that information with the convener and the committee.

It is also important that we told the UK Government that when we were getting notes and memoranda from Whitehall departments varied, and that some departments were better at doing it than others. We conducted an exercise to see what we were getting, so that we could understand what we were not getting—if you see what I mean. That was a useful exercise that provided us with evidence to take to Whitehall in order to explain where we were getting good communication and good early notice and where there was a need for improvement. We did that in a reasonably positive and constructive way to try to get early warning

ourselves from the UK Government, which also allows us to share that information more widely here. There is also the early-warning system that we get from being connected directly to Europe, which means that we can hear at first hand what is happening.

The Convener: Thank you. That was a comprehensive and action-packed hour. You will understand that we have lots of questions about your wide and varied portfolio. We appreciate your coming today, and we know that you have to get away. Any engagement and communication with the committee will be much appreciated. We came to the decision early on, at our first meeting, that we want to engage more with the Government, with other institutions and with other parliamentary committees, and to take a team Scotland approach. Welcome to the team.

Fiona Hyslop: I look forward to working with you.

“Brussels Bulletin”

15:01

The Convener: Item 2 is the “Brussels Bulletin”, which is one of the early warning systems that the cabinet secretary just described. The European officer, Ian Duncan, is here today. Members have a copy of the bulletin. Are there any points?

Bill Kidd: I was looking at two areas. At this point, I announce that I have no legal training whatsoever, so I will rely on what is in front of me.

Page 4 of the bulletin mentions EU state-aid rules, and reforms to thresholds on public procurement in particular. I have read through the information, and I think that it will be beneficial for local authorities not to have to advertise on a grand scale for every single item or service that they might be looking for. It looks as if the reforms will be beneficial and will not in any way threaten the EU project to allow free movement and trade. However, the contract law issue that is mentioned on page 7 seems to go against the idea of the reform of state-aid rules, because it seems to benefit larger operations in one country in their dealings with other countries. I am not 100 per cent sure about how those two issues will mesh.

I do not know whether that makes any sense to Ian Duncan, but I have looked at the two articles and they seem to be contradictory to some extent.

Ian Duncan (Scottish Parliament European Officer): They touch on different things. The state-aid rules are an exclusive competence and the proposed reform is straightforward. It seeks to remove from local authorities the obligation to advertise far and wide for very small projects.

The reform of contract law is at a very early stage and I would not necessarily read too much into what is said in the bulletin about what will happen. The debate is just about to begin. The issue is not without its controversies, as you might imagine, and its resolution might look different from what we are witnessing at the moment. We are at the beginning of the process of the development of contract law, which is a controversial issue. It will almost create a new jurisdiction that is separate from national jurisdictions. If that happens, it will be quite a significant development in European law and European affairs. As you have pointed out, there might indeed be conflicts, but we will have to wait and see whether that is the outcome of the negotiations.

I imagine that one of the Scottish Government's top priorities is to ensure that it is fully involved in the discussions. At the moment, for example, the

incoming Polish presidency is talking about 27 legal jurisdictions, almost ignoring the Scottish jurisdiction. There is a lot of work to be done, but I am fully aware that the legal adviser to the Scottish Government in Brussels is on top of the issue and is actively engaged.

Bill Kidd: I knew that I was putting together two things that were not exactly complementary, if I can put it that way, but it seemed that the bulletin was giving with one hand and taking away with another. For instance, it seemed that local authorities would find things much easier in their legal dealings and what they have to do under state-aid rules when procuring smaller contracts and so on. Reading the contract law status update, I was not certain about how soon that development would take place, but, in relation to the idea of the EU single market being genuinely borderless, it seemed to me to contradict the other update. However, I can tell that there are obvious differences.

Helen Eadie: My question is about page 9 of the bulletin, which refers to e-health and the digital agenda for Europe—one of the Europe 2020 strategy's flagship initiatives. The article talks about the new EU task force under the chairmanship of Estonian President Toomas Hendrik Ilves. Is the United Kingdom, or Scotland, involved in that work group? I see that the consultation finished on 25 May, but e-health has been a high priority for the Health and Sport Committee, so I was wondering whether it could still feed into the consultation or whether it is now too late to make a submission.

Ian Duncan: I understand that the UK is represented on the task force. The task force aims to get into the guts of the issue and work out how best to move forward. Although the consultation closed recently, I do not think that there would be a problem, if there was a collective and determined view in the Health and Sport Committee to do work on the area, in ensuring that that work was directed to both the task force and other participants in Brussels. Consultation is happening, so there will be consideration of the issues. I imagine that, if work could be done, it would be welcomed.

The Convener: This committee would be happy to bring that to the attention of the Health and Sport Committee.

Helen Eadie: That would be good.

I have one further point of clarification. Ian Duncan said that the United Kingdom was involved as the member state. Does he know whether Scotland has any input to that through any of its officials or civil servants?

Ian Duncan: I am not aware that Scotland has a representative on the task force, but one would

hope that the UK representative was not acting in his own right but collecting the views of the wider group.

Helen Eadie: Is there a mechanism for checking whether Scotland is having an appropriate input?

Ian Duncan: I can check that on your behalf. That is not a problem.

Annabelle Ewing: I have a couple of questions about process. It may be that I am supposed to know the answer to the questions, but I do not so I will ask them.

Ian, do you prepare the bulletin?

Ian Duncan: Yes.

Annabelle Ewing: Is it monthly?

Ian Duncan: You will get it for every one of your meetings.

Annabelle Ewing: Okay. How is it disseminated beyond this committee?

Ian Duncan: At the moment, this committee will disseminate it directly to the subject committees in the Parliament. It appears on the Parliament's website, and there is a distribution e-mail list that has a significant number of members who receive it.

Annabelle Ewing: This bulletin is issue 57, from June. On what date in June was it signed off?

Ian Duncan: It goes out with the committee papers, so it will have been current as of last Wednesday.

Annabelle Ewing: That might have sounded like a picky point, but as you will be aware the EU diary can move dramatically from one week to the next, with major announcements and so on. I just wanted to get an idea of the currency of the bulletin.

Ian Duncan: You are right. You will notice that I often have to think about the tenses. The bulletin is published before you read it but after I have written it, so I sometimes have to hedge my bets and assume that something will happen. I sometimes hedge my tense bets and push things forward in that way. Sometimes I am right and sometimes I am not, so sometimes I will come back and say that something did not actually happen.

Annabelle Ewing: Okay. Thank you.

Jamie McGrigor: I wanted to ask the minister something about the common agricultural policy earlier, but I will ask Ian Duncan about it now. It is to do with our involvement with the other devolved countries in the UK—Wales and Northern Ireland—which have similar issues, especially with

regard to the CAP and how it is delivered. Ironically, the policy seems to be delivered according to different criteria in all three devolved countries. Is there a move towards seeing who is getting the best deal among the devolved Administrations—and among the farmers in the three devolved countries, for that matter? Who is getting the best deal, and from which arrangement?

Ian Duncan: That is a good question. I imagine that the answer depends on whom you ask. At the moment, farmers from the devolved regions are certainly united in trying to ensure that they get a better deal, but there appear to be differences between the UK Government's position and that of the devolved Administrations on the best way forward for the reform of the CAP.

Each Administration within the United Kingdom should be bound by common rules, but how they seek to apply them can be more nuanced. We know that there are significant differences north, south and west of the various borders. You will probably find that assessments of that nature have been conducted by the National Farmers Union in its various guises in the devolved regions. I suspect that the information is available. However, I do not think that the Administrations compare and compete directly.

The devolved Administrations are united now, at any rate, in trying to ensure that the next step delivers well for their farming communities, and for rural communities more broadly.

Jamie McGrigor: The Greek question does not appear in your bulletin, and I imagine that Brussels must be weighed down by that cloud. Do you think that it will be the endgame for the euro by the time another week is over?

Ian Duncan: That is an interesting question. The discussions around the financial situation certainly dominated last week's European Council for heads of state and Government. There is no doubt that it is becoming a dominant feature on most high-level discussion agendas. Exactly what will happen next depends on a range of factors.

Inside Brussels, there is a great deal of optimism that a solution can be found. Whether that optimism is shared by everybody outside Brussels remains to be seen.

How is that for a gnomic answer?

Jamie McGrigor: Well, I was not expecting a yes or no.

The Convener: Let us move on to agenda item 3, which, as members will recall, we decided at our previous meeting to take in private. I thank the public for their attendance.

15:13

Meeting continued in private until 15:15.

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