



The Scottish Parliament  
Pàrlamaid na h-Alba

## Official Report

# EUROPEAN AND EXTERNAL RELATIONS COMMITTEE

Tuesday 6 March 2012



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**EUROPEAN AND EXTERNAL RELATIONS COMMITTEE**  
**5<sup>th</sup> Meeting 2012, Session 4**

**CONVENER**

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

**DEPUTY CONVENER**

\*Hanzala Malik (Glasgow) (Lab)

**COMMITTEE MEMBERS**

\*Clare Adamson (Central Scotland) (SNP)

\*Helen Eadie (Cowdenbeath) (Lab)

Bill Kidd (Glasgow Anniesland) (SNP)

\*Jamie McGrigor (Highlands and Islands) (Con)

\*Aileen McLeod (South Scotland) (SNP)

\*attended

**CLERK TO THE COMMITTEE**

Ian Duncan

**LOCATION**

Committee Room 2



## Scottish Parliament

### European and External Relations Committee

*Tuesday 6 March 2012*

[The Convener *opened the meeting at 15:00*]

### Interests

**The Convener (Christina McKelvie):** Good afternoon. I welcome you all to the fifth meeting in 2012 of the European and External Relations Committee. All mobile phones and electronic equipment should be switched off, because they interfere with the broadcasting equipment.

We have received apologies from Bill Kidd. I record the committee's condolences to him for the bereavement that he has experienced. I am sure that members will all have individual messages to send to him.

The first item on the agenda is a declaration of interests from Clare Adamson MSP, who is replacing Annabelle Ewing on the committee, to which I formally welcome her. Annabelle is a great loss to the committee, but Clare is a very welcome addition to it. I invite Clare to declare any interests.

**Clare Adamson (Central Scotland) (SNP):** I declare an interest as an elected councillor in North Lanarkshire Council and a board member of North Lanarkshire Leisure Trust. I direct people to my full register of interests on the Parliament's website.

## Decision on Taking Business in Private

15:02

**The Convener:** Agenda item 2 is a decision on whether to take in private items 4, 5 and 6. Under item 4, the committee will consider a draft report on the European Union priorities of the Scottish Parliament's committees for 2012; under item 5, the committee will consider an approach paper for its inquiry on Scottish representation abroad and the Scottish Government's country plans; and under item 6, the committee will consider the evidence that has been taken so far in its inquiry on developments in the euro zone. Are members content to take those items in private?

**Members** *indicated agreement.*

## “Brussels Bulletin”

15:02

**The Convener:** Agenda item 3 is the “Brussels Bulletin”, which Dr Ian Duncan has expertly put together. I invite members to comment on it or to ask Ian Duncan questions about it. It is quite detailed, and it contains some very interesting issues.

**Helen Eadie (Cowdenbeath) (Lab):** I am particularly interested in what is happening in Hungary, which has been covered not only in the “Brussels Bulletin”. From what I have read, I have the impression that all is not happy there. We certainly need to keep our eye on that, given our interest in democracy continuing across Europe. I thank Dr Duncan for that particular note.

**Ian Duncan (Clerk):** It might interest committee members that the European institutions are particularly concerned about what is happening in Hungary, and that they are trying to find levers that they can use to encourage the Hungarian Government to act in a particular fashion. One of those levers is consideration of how the EU can manage European funds in a way that forces the Government to reflect on where it sits in Europe and what those moneys can do. There are considerations afoot for some funds to be withheld from the Hungarian Government as a result of some of its actions. That is a reminder that we are talking about a connected Europe.

**The Convener:** I picked up on the connecting Europe issue, and the welcome inclusion of the North Sea offshore grid and smart electricity grids, especially. There has been an on-going conversation in the committee. If we are going to produce lots of renewable energy, we will need to store it or transport it somewhere where it can be used. I am interested in that. Do you have any up-to-date comments on what the position is?

**Ian Duncan:** This is probably one of the largest infrastructure projects that the EU is contemplating, and it has huge implications for Scotland, in particular, as a producer of energy. Scotland has a two-part contribution to make. The first part relates to the renewables aspect of Scotland’s energy production and how to get that into the existing grid. The second part is longer term and relates to how the electricity that is produced by Scotland and other member states in the future can be taken to where it is needed, which is where the concept of moving energy smartly using a North Sea grid comes in. The Council is keen to make progress on that as fast as it can, so it is doing its best to get the process moving and to anticipate what some of the issues might be.

The principal funding will come through the multi-annual financial framework. An issue that is a bit of a pain in the backside is that every member state likes to get something out of Europe at the same time, so while moneys will go to the northern part of Europe for the North Sea project, an equal balance of funding will be provided to other parts of Europe in an effort to ensure that everyone is satisfied. Delays might be caused not by the situation in the North Sea, but because some of the other projects are not as far advanced; I am thinking of solar energy projects in the Mediterranean area. Some of those developments might slow the process for the North Sea slightly, but the Council’s ambition is to make everything move as fast as possible. Given that some of the countries involved—particularly in the Mediterranean area—are hurting financially, moneys that are spent there by the EU will have a huge impact, so there is a desire among those member states to make progress as quickly as possible.

**Aileen McLeod (South Scotland) (SNP):** An interesting issue that I want to highlight relates to last Friday’s European Council, at which Commission President Barroso mentioned the project bonds initiative, which is a Commission proposal that has the potential to mobilise private capital for infrastructure investments in the internal market. Mention is made of energy, transport and the digital economy as parts of the proposed connecting Europe facility for 2014-20. The Commission is proposing the immediate setting up of a pilot phase for 2012-13, on which I think the President said, in the conclusions of the European Council, that he seeks agreement by June between the Council and the European Parliament. That is quite an interesting idea.

There may be opportunities for Scotland, but we need to wait to see whether Scotland meets the general project eligibility criteria for the trans-European transport network and trans-European energy network programmes, and we need to see the competitiveness and innovation policy guidelines. It would be interesting to get more information on that from the Scottish Government so that we know what work has been done on the opportunities that might exist for Scotland to use project bonds to support infrastructure investment.

**Ian Duncan:** There is one point to mention in that context. You will be aware that, when there was a significant underspend, the Commission was very keen to allocate those funds, primarily for energy projects. Somewhat unusually, rather than waiting for bids to come in, it highlighted those projects and suggested individual parties that might be interested in them, in an effort to take out a number of the intermediate steps. There is a suggestion that that might be done in this case, given the short timescale. That would involve the

Commission doing a lot of the legwork to identify would-be eligible operations as a way of forestalling delays that might otherwise arise. The Scottish Government may well have a lot more information on that.

**Aileen McLeod:** I think that the deadline for potential projects is in December this year. I had a chance to look at the Commission proposal; if I remember rightly, it involves between five and 14 projects. It would be worth looking at that from a Scottish perspective to see whether it presents any opportunities for us.

**Ian Duncan:** I think that we should write to the Scottish Government to find out.

**Helen Eadie:** On the sustainable transport consultation, all members share the disappointment that I felt when we lost the Rosyth to Zeebrugge connection. Given that there is a consultation on the issue of state aid to maritime transport, what scope might there be for this committee or the transport committee to examine the issue specifically? If there is to be a review of EU legislation on state aid to maritime transport, we should ensure that we really understand what is going on. If there were any way at all in which we could bring back that passenger transport link from Rosyth to Zeebrugge or any other European port, most Scots would welcome it.

**The Convener:** I suggest that we write to the transport committee, although it is not called that anymore; it has changed its name.

**Ian Duncan:** The issue is the responsibility of the Economy, Energy and Tourism Committee. It is one of its declared priorities, and it is looking to do some work on the matter. We can write to it and liaise with it directly and feed back to members.

**Hanzala Malik (Glasgow) (Lab):** Although it is not dealt with in the report, I would like to talk about the situation with the Royal Bank of Scotland, and how jobs have been lost in Edinburgh and have gone to India. The state is a majority shareholder of the bank, so I am concerned that not only have we bailed out the bank, but we have allowed it to put people on the dole, which means that they have become a burden on the state, so in a sense we have paid the bank twice, which is a bit rich. Can we ask for assurances from the bank that that will not be repeated?

**Ian Duncan:** I suspect that that is something that the EU probably would not get involved in.

In terms of the impact on employment, there is something called the globalisation adjustment fund, whereby the EU can provide funds if a significant number of individuals—more than 500 in a given area, I think—are made unemployed.

However, there is little involvement in terms of the policy of making those adjustments, or the right to do so.

**Jamie McGrigor (Highlands and Islands) (Con):** I congratulate you on the paper. It is very extensive.

Is there any news of what the EU might be doing to place sanctions on Iceland and the Faroes over the mackerel crisis?

**Ian Duncan:** Yes. A paper on that has been circulated, which we were to discuss in private later. If you will forgive me, it might be useful to postpone dealing with the issue until then, when we can have a much more full and frank discussion.

**The Convener:** Is that okay, Jamie?

**Jamie McGrigor:** That is perfect.

**The Convener:** The bulletin goes into a lot of detail on European innovation partnerships. Obviously, we are conducting an inquiry into horizon 2020. It would be interesting to know how those two issues fit together. We should think about how EIPs will fit into our future work programme and about how we are conducting our inquiry into horizon 2020.

**Ian Duncan:** The European innovation partnerships were designed to bring together specific areas of importance to the EU in which research, engagement and funds can be focused, and there is now a declared number of them. The idea is to ensure that research does not just sit on a shelf but becomes a functional and useful tool to move things forward.

The first partnership was the active and healthy ageing partnership. Active and healthy ageing is a declared priority that relates to the demographic time bomb and how it will impact on social policy. A lot of work has been done behind the scenes on scoping how various approaches could work in reality.

The new partnerships—on raw materials and agricultural sustainability—fit into existing policies, but are designed to work as a structuring mechanism to draw together the strands that can be taken forward. Clearly, horizon 2020 will have a degree of overlap with a lot of those issues at the sharper end. There is no doubt that when we come to do our more thorough investigation of horizon 2020, some of the aspects of the EIPs will be germane to the discussion.

We should recommend to the subject committees that, where they have the expertise to do so, they explore some of the issues as well. That might be of value.

**The Convener:** The key element of horizon 2020 is that it must be about economic growth. If the innovation partnerships do not have that element, that is a lost opportunity. I think, therefore, that you are right when you say that we should contact subject committees.

**Ian Duncan:** Each EIP has a steering group, and it is anticipated that those steering groups could involve members of Parliament. That is something to think about as the groups develop, because there may well be a role for members of this institution in determining policies around partnerships.

**The Convener:** Do members agree to send the "Brussels Bulletin" to subject committees for their information and perusal?

**Members** *indicated agreement.*

**The Convener:** We agreed to take in private agenda items 4, 5 and 6. I thank the public for their attendance this morning. It was a quick meeting today—it is not always like this.

15:15

*Meeting continued in private until 15:35.*

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