



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

EUROPEAN AND EXTERNAL RELATIONS COMMITTEE

Thursday 1 November 2012

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EUROPEAN AND EXTERNAL RELATIONS COMMITTEE
14th 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)

*Roderick Campbell (North East Fife) (SNP)

*Willie Coffey (Kilmarnock and Irvine Valley) (SNP)

*Helen Eadie (Cowdenbeath) (Lab)

*Jamie McGrigor (Highlands and Islands) (Con)

COMMITTEE SUBSTITUTES

Gavin Brown (Lothian) (Con)

Neil Findlay (Lothian) (Lab)

Aileen McLeod (South Scotland) (SNP)

*attended

CLERK TO THE COMMITTEE

Ian Duncan

LOCATION

Committee Room 1

Scottish Parliament

European and External Relations Committee

Thursday 1 November 2012

[The Convener *opened the meeting at 10:00*]

Decision on Taking Business in Private

The Convener (Christina McKelvie): Good morning colleagues, and welcome to the 14th meeting in 2012 of the European and External Relations Committee. I request as usual that all mobile phones and electronic devices be switched off, as they interfere with the broadcasting equipment.

Agenda item 1 is a decision on taking business in private. That business is agenda items 5, 6 and 7, which are consideration of plans for our work programme. Is that agreed?

Members *indicated agreement.*

“Brussels Bulletin”

10:01

The Convener: Moving on swiftly, agenda item 2 is consideration of the latest edition of our “Brussels Bulletin”, which is compiled by Dr Ian Duncan. Members know the purpose of the bulletin, so we will go straight into Ian’s report.

Ian Duncan (Clerk): Thank you very much, convener.

It is a long report and, as members will see, it is dominated not unexpectedly by financial and monetary matters. There are a couple of things to note.

The Council of the European Union and the European Commission are trying to move towards establishing the rules for surveillance management of the eurozone area budgets, which is the big area for action at the moment. Consensus has not yet emerged, but they hope to bring that together by December at the end-of-year Council meeting.

Alongside that, the big change is the European stability mechanism. Agreement has now been reached on that. It replaces the temporary European financial stability facility. The likely first customer is Spain but, as members will be aware, it is not inclined to move swiftly towards that status because, the minute that it moves towards it, it will more or less lose control of its budgets. Other forces take over at that point, and Spain is still keen to retain as much sovereignty as it can. That issue will be significant.

There are a couple of other things to note in the bulletin. Members will recall that, at our last meeting, there were a couple of requests for further information. One of them was on Syria. There is a section in the bulletin on the Syrian-Turkish developments and the European Union’s engagement with Syria.

A separate question was asked on the 4G network. Members have a separate sheet on that, because I forgot to include it in the “Brussels Bulletin”.

One final thing has emerged. The Commission work programme for next year is now out—we were expecting that, of course. The committee will receive a detailed paper on it at its meeting on 29 November, when we will have our MEPs, who will also comment on the Commission’s future work.

I am happy to take questions on any aspect of the bulletin.

Jamie McGrigor (Highlands and Islands (Con): I will ask you about the European stability mechanism. Is the €500 billion a physical amount

of money that sits in a bank waiting to be used and where does it come from?

Ian Duncan: Banking is slightly magical, I think. The answer is no, there is no big Fort Knox capacity somewhere in deepest, darkest Brussels with all the money. The amount of money that the mechanism has is €80 billion, which is given by the members of the eurozone for that particular fund.

The remainder of the cash is what is called callable cash, which is a declaration from eurozone members that they will commit up to a certain amount of money should it be required. The big issue, of course, is that callable money is not money; it is a promise. I think that the reality is that people hope not to be called on to deliver on the promise.

Jamie McGrigor: What about a country such as Croatia, which is waiting to become a full member of the eurozone? I do not know quite what the membership status of Croatia is.

Ian Duncan: To be clear, it is important to distinguish between membership of the eurozone—the use of the euro as a currency—and membership of the European Union.

I can provide an update on Croatia. It is seeking membership of the European Union, but I think that the currency question will be further away. It is first in line to be a member of the EU, and membership is imminent. That is the best description, as it should happen early next year. There is a little section on enlargement in the bulletin.

Jamie McGrigor: I saw that and it interested me. In my ignorance, I thought that Croatia was already a member of the EU.

Ian Duncan: Not yet. It is currently an applicant member. It has signed a number of accords with the EU and, in order to qualify for membership, it must be able to demonstrate against a number of chapters that it is fully compliant with the *acquis communautaire* and so on. It is all but there and it is likely to be a member of the EU, although not the eurozone, in early 2013.

Jamie McGrigor: The bulletin mentions Bosnia and Herzegovina. Is that one place or are they two separate states now?

Ian Duncan: They are one place. It is a compendium nation, perhaps.

Jamie McGrigor: Is it in the same state as Croatia or is it further back in the queue?

Ian Duncan: It is further back.

Helen Eadie (Cowdenbeath) (Lab): I would like to ask a question about the state aid rules, which are not covered much in the bulletin.

Ian Duncan: I am sure that we could do some work on them.

Helen Eadie: An issue is troubling me and the Industrial Communities Alliance. As you know, I convene the cross-party group on industrial communities in the Scottish Parliament. In recent meetings, Professor Steve Fothergill has spoken to us and highlighted the way that officials in Brussels are redrafting the state aid rules. I agree that that is an issue of extreme importance to Scotland and territories like it. I understand that, because of how the rules are being redrafted, any company that comes from anywhere in the world and which has more than 250 employees will no longer qualify for state aid support. The impact would be that we would never have, for example, another Amazon on our doorstep, which I have with the Amazon centre on the border of my constituency and the Dunfermline constituency.

I have been told that there is a very small window of opportunity of around six weeks between now and the end of December in which we should make political representations to European Commission officials, particularly the responsible commissioner—who I understand is the Spanish commissioner. That troubles me greatly. My understanding is that the decision is on a knife-edge and that it could go either way. That is why it is imperative that political representations are made.

I met the Deputy First Minister and Cabinet Secretary for Infrastructure, Investment and Cities on Monday this week and made representations on the issue on behalf of the Industrial Communities Alliance. She noted the matter. I do not know what she will do arising from that meeting, but the committee should be aware of the issue and there should be cross-party representation to the commissioners at a senior political level in Brussels. If that is not done, we will lose out in a major way in the future.

Can Ian Duncan confirm whether what I have said is accurate?

Ian Duncan: I am happy to do that. You are quite right: there is a small window. People are looking to move quickly because they want the issue to be resolved by December.

Commissioner Almunia has been very clear in his guidance that he wants things to be fit for purpose—that is what he would argue. The big issue is how state aid, which is a public source of funding, should best be used to provide support to locating companies without providing an advantage to them. That is the question that Commissioner Almunia is trying to resolve.

I am aware that my Scottish Government colleagues in Brussels have been avidly inquiring into the matter because they are quite concerned

about it, and I know that the United Kingdom Government has had a number of meetings about it with the European Commission. It might be useful if I came back to members with a more thorough update on where things stand for the next meeting. Given the timescale that we face, I will circulate a note in advance.

Helen Eadie: As I understand it, the UK, French and German Governments are all singing the same song on this matter. The fact that the decision will be taken by officials and will not be referred to politicians is all the more reason why we politicians should make the strongest representations to the relevant European commissioner and make it clear that this move will have a huge impact on areas such as Scotland that have experienced severe industrial decline. The Industrial Communities Alliance has been making such representations at Westminster—working, one might say, at member-state level—but given the severe impact on people in Scotland we should join the others at a political level and make the strongest representations on this matter.

Willie Coffey (Kilmarnock and Irvine Valley) (SNP): Members have just referred to the enlargement process, which is mentioned on page 7 of the bulletin. The committee will be glad to know that my question has nothing to do with Scotland's position; instead, I am interested in the position of Kosovo and Serbia, the latter of which I believe was granted candidate status in March.

As we know, some countries still do not recognise the independence of Kosovo, which is also a candidate country. I suppose that it is a huge understatement to say that there will have to be considerable negotiation to resolve the matter, but in admitting or accepting Serbia into the process is the European Union likely to put pressure on that country to recognise Kosovo? After all, Serbia could hardly become a member of the European Union and still object to Kosovo, too, becoming a member later; indeed, I imagine that such a move would create considerable difficulties. Do you have any more information on that?

Ian Duncan: There is a big gulf between candidate status—or what is called confirmation of application—and admission. You will notice from the dates that the first country in the queue was Turkey, but it is still at the back of that queue. It has been trying to draw this matter to a conclusion but, as I explained to Jamie McGrigor, each application has a number of chapters covering issues such as judicial practice, competition rules and so on, and each chapter is investigated to show that the candidate country is fully compliant with the body of law or what is called the *acquis communautaire*. Any member state can put a hold

on a chapter and just say “No”; for example, five chapters in Turkey's submission are being held.

This is, of course, a preface to my answer. The other country with significant problems is Macedonia, which one might have thought would not have been controversial. However, Greece objects to its name; I have called it Macedonia in the bulletin but technically its name is the Former Yugoslav Republic of Macedonia. Greece also objects to its flag. It might seem slightly trivial but such issues can hold up what would be a very important step for a country such as Turkey or Macedonia.

As for Serbia, you are absolutely right. It would be impossible to conceive of Serbia making progress without addressing the issues affecting Kosovo; similarly, it would be impossible for Kosovo to make progress without resolving the other issues around recognition. Although they are applicant nations, I do not expect them to become members unless great progress is made in resolving quite thorny issues that are actually quite domestic and regional. The rest of the EU has been a little guilty of standing back and hoping that the countries will resolve the issues themselves, but as the decades pass it is becoming clearer that the answer is they cannot.

Willie Coffey: I do not claim to fully understand why some of the countries that you mention in that section, such as Greece and Cyprus, still do not recognise Kosovo when a whole range of countries across the world do. Of course, it is for those countries to explain their positions and for me to understand the reasons. Nevertheless, some of the impediments to recognition seem to be incredibly trivial, including stopping the whole process on the basis of a flag or the name that a country chooses to be called.

Ian Duncan: Greece objected to Macedonia erecting a statue to Alexander the Great, which was seen as a diplomatic issue. We would not normally think that that would be a major issue but, actually, it was. The only hope—although that is perhaps a negative way of putting it—is in the fact that the situation with Cyprus, which is a divided land, was not ultimately an impediment to Cyprus being admitted to the EU. However, the relationship between Cyprus and Turkey might well be an impediment to Turkey being admitted, so there are other issues. One would hope that, in the 21st century, we are moving towards solving those issues rather than allowing them to be prolonged.

10:15

Hanzala Malik (Glasgow) (Lab): On the EU arms embargo on Syria, I wonder what arms we were selling Syria in the first instance, considering

that it is allied with Russia. There seems to be a wish to support one side in the conflict and not the Government side. I am not sure how the embargo would impact on us. For example, do we in Scotland deal in arms with Syria at all? Does it affect us in any way?

Ian Duncan: To be honest, I do not know a great deal about that area. The EU's public declarations as an institution on Syria are about a wish to see a cessation of hostilities as the first step. I am not sure what weapons are traded. An arms embargo is often imposed irrespective of whether there is significant trade, because it is something that the EU can do. In this case, the documents show that the EU is seeking not to take sides. However, newspaper articles on what member states have said show that they are not bound by the need to impose a neutral position.

Although there is often a read-across between what member states say and do and what the EU appears to do, there is a separation. The EU cannot be involved in a way that might be seen to be interfering without having the mandate of all the member states to do that. At present, the EU is trying to broker a ceasefire before it moves towards resolving the situation.

I concede that I do not know a great deal about the issue, but I can bring more material to the committee.

Hanzala Malik: The embargo applies only to EU states, so it does not prevent anybody else—in particular, Russia, which is Syria's main ally—from selling arms. I just wonder what the benefit is of the embargo.

Ian Duncan: Again, that is one of the issues that can be debated.

Hanzala Malik: Is it just posturing? Perhaps you could send me information on the issue.

Ian Duncan: Yes, I can. Posturing seems to play a large part in many such areas, although things can sometimes emerge from posturing. Let me do a bit more research on the area so that I can provide information to you.

Hanzala Malik: Thank you.

The Convener: I will bring in Rod Campbell in a second, but I want to follow up on Hanzala Malik's point. The section on Syria and Turkey in the bulletin states:

"the Foreign Affairs Council ... announced the suspension of bilateral co-operation programmes between the EU and the Syrian government".

Can you give us some insight into the impact of that on the people of Syria? Perhaps it is just at Government level, but some of the programmes might have a direct impact on individuals.

Ian Duncan: I will need to provide you with more information, and I will ask the Scottish Parliament information centre to help me with that, but from my reading so far it appears that those programmes were primarily to help the people of Syria. There were a number of programmes on governance, to help appreciation, learning and sharing. Of course, one of the bigger issues is always trade, so a number of structures were put in place to encourage trade, but there was a development programme as part of that. If members will allow me to gather more material, I will be in a better position to brief you.

Hanzala Malik: The convener's question is important. Perhaps we can also find out, if possible, whether there are any vulnerable groups who would have benefited from those programmes and who might not now benefit as a result.

Roderick Campbell (North East Fife) (SNP): I have a couple of questions, the first of which is more straightforward. What knowledge do we have on the timetable for the consultation on the high-level expert group on banking? The consultation ends on 13 November 2012, but what is supposed to happen then?

Ian Duncan: The high-level expert group on banking was set up to think beyond the current situation. It draws together experts from the member states who are trying to get a sense of some of the broader issues that are not currently under discussion in the reform structure. If you look at the bullet points in the bulletin, you will see that the bigger stuff includes the separation of proprietary trading and high-risk trading. Those are issues on which there is no answer, as yet. The group is gathering together the material that will allow it to produce a paper—early in the new year, I would have thought—that will feed into the next stage of the integration of monetary policy and banking reform.

It is quite often the case in the EU that high-level expert groups are appointed to take the politics out of things. Involving experts rather than politicians or officials is a way of ensuring that the European Commission is in possession of all the thinking that it needs in order to take the next step.

I am not sure whether that answers your question. I think that the report will emerge in January or February. Following that, there will be a response from the eurozone in particular—although there might also be a read-across to the Commission—about how matters could be taken forward and whether some issues might not be taken forward. That will play into the agenda of the Council—if not the spring Council meeting in March, then the summer Council.

Roderick Campbell: What impact will the rejection of the budget by the Commission and

Parliament a couple of days ago have on cohesion policy and the connecting Europe facility, in particular?

Ian Duncan: Ultimately, if there is no budget, progress is all but impossible. A lot of hostages will be taken in the next period as different member states seek to secure their choices as the negotiations unfold.

The big, overarching issue is the multi-annual financial framework. It has to be settled; without it, everything else falters. We use the word “budget” but, to be specific, it refers to the annual budget, whereas the multi-annual financial framework is multi-annual, so it rolls forward. We will see a lot of posturing in the next period—there is a lot of posturing in the EU—before things settle to a position in which a consensus can be reached.

Cohesion policy remains popular with countries that receive support under it, but member states that no longer receive support do not like it as much, so it has been seen as something of a sacrificial lamb. France, for example, has said that cohesion policy has done its job—it has worked—so it need not continue. That is a little bit disingenuous, given that France no longer receives it while many other member states do. Those things will be wrestled to the ground.

The rejection of the budget will have a huge impact.

Roderick Campbell: I do not want to make your life more difficult but, given that events move, has the bulletin gone to press or will it be updated to take account of that development?

Ian Duncan: As we discovered, there is a lag between the production of the bulletin and your seeing it, which is usually reflective of when I get it finished. Although the committee papers are sent out on a Monday, the bulletin tends to be finished and go through its checks earlier in the previous week, so there is usually a lag of about five days to a week. Events can get in the way, which makes the bulletin even more out of date.

It reached the stage that I thought that I should include a little “Stop press” section, because sometimes the stuff in the bulletin is not really entirely right any more. There is a little “Stop press” section in this month’s edition because, the day after writing the gender quotas section, I discovered that the decision had been taken not to pursue quotas on corporate boards. I decided that I would not rewrite the bulletin immediately but include a “Stop press” section and come back to the issue in the next edition. When an issue is clearly an extremely pressing one that the committee needs to know about, the committee will know about it and I will not try to pretend otherwise.

Clare Adamson (Central Scotland) (SNP): I just want to get a grip on the budget issue. I understand that, if the budget is not agreed by the member states, an annual budget is moved to. How long does that process of annual budgets only last for?

Ian Duncan: You are right—the budget rolls over and the established previous instalment just rolls forward. That can go on for a long time. It is clear that there are lots of disadvantages to that approach, because it means that the budget does not reflect needs, as it will have been set for different purposes at a different time. One of the big sanctions that is often applied is to say, “If you do not sort this out, we will just roll over the instalment.”

In that sense, countries that are to lose out in the next multi-annual financial framework have a huge incentive not to encourage the negotiation to be resolved and to like the fact that the budget rolls over but, eventually, even they will find that we cannot continue on that uncertain basis, because programmes are not annual—they are set over a longer period. People end up without the ability to plan or manage programmes, so the situation quickly unravels.

Clare Adamson: The “Stop press” item says that the vote on gender quotas has been postponed. I took that to mean not that the vote would not proceed but that it was postponed. However, what you have said indicates otherwise.

Ian Duncan: That issue annoyed me more than normal. I had written quite a big section on gender quotas for the bulletin, and then the postponement happened. The commissioner who presented the proposals did not have support from the college of commissioners to take them forward in the form that she expected. Instead of saying that the proposals were finished, the college has said that they are interesting and that it wants to return to them, but not right now. Unfortunately, the commissioners have not given a date for returning to the proposals, so they are left in limbo.

The proposals are one of the more controversial aspects of recent affairs. Something that a commissioner has launched in the European Parliament is not often postponed. It is unusual, and I would have thought that it was slightly embarrassing for her. The college of commissioners must sign off all proposals, and it has not done so in this case. Instead, it has said, “Not now—we’ll come back to it.”

Clare Adamson: How will we communicate to the business community in Scotland that a consultation is taking place on an act for small and medium-sized enterprises? Could we do anything to ensure that businesses play a full part in that process?

Ian Duncan: I hope that the Scottish Government and its agencies have drawn the consultation to the attention of the appropriate bodies, such as the Federation of Small Businesses. We should probably ask the Government to confirm that it has done that.

We should draw the issue to the attention of the Economy, Energy and Tourism Committee, because I suspect that it has good offices with the various participants. It should use those good offices to highlight the consultation to others.

As you will be aware, the bulletin is circulated quite widely. It goes to a number of organisations, which I understand includes the Federation of Small Businesses. Those organisations will see the item. Once we have the Scottish Government's response, we will be in a better position to see whether the committee should do anything to raise the profile or awareness of the issue.

Clare Adamson: Will the proposed act have the scope to address issues that small and medium-sized enterprises have with applying for funding? Will they be able to make representations about the fact that funding application processes are too onerous?

Ian Duncan: One issue is that, although the overarching rules about the application process are set by the Commission, the implementation falls into the hands of member states or sometimes—as in the case of Scotland—regions. As the bulletin says, member states have adopted a number of innovations to try to prevent the processes from being onerous, confusing and complex. As long as those measures do not cut across the guiding or set criteria, that is fine.

Irrespective of what is asked in a consultation, respondents are certainly entitled to say what they want. I would always encourage people to do that.

Helen Eadie: Willie Coffey talked about Serbia, Kosovo, Macedonia and that part of the world. I agree entirely with him that we should keep as close an eye on that as we can, although we have other workload commitments.

I know that several members around the table and other members of the Parliament have been involved with the Westminster Foundation for Democracy—which I think is entirely laudable—and I have been involved with the foundation as well, particularly in regard to Macedonia. Perhaps there is an opportunity for the committee, therefore, to be a bit more engaged and involved in the spreading and sharing of knowledge and experience between ourselves and countries in eastern Europe. I would like to see that feature a little bit more strongly in our developing work programme, because I think that we have a lot to

learn from them but, equally, they could learn a lot from us.

10:30

As a committee of parliamentarians, we could take evidence from heads of Government departments on what initiatives they are engaged in to share knowledge and experience. For example, the Serious Organised Crime Agency could work much more closely with some of the eastern European countries to share knowledge and experience of sex trafficking, fraud, the import of armaments and all the rest of it. Those things should not be going on, but if we work much more closely with others in sharing our knowledge and experience, there might be benefits for all our countries. It is great that we are doing work with China and others, but we should not forget those places that are a little bit closer to home.

It is vital that we do that, because I know from my constituency case load that people from all over Scotland are among the 30,000 British people who have invested in companies and businesses in Bulgaria. That figure, which I think is for 2008-09, was for one year alone. That just shows you that there are elements of work that we should be doing there, especially in connection with the work that is being done by the Westminster Foundation for Democracy.

For example, many of my constituents cannot go through Serbia to get to either Macedonia or Bulgaria because the Association of British Insurers will not insure people going through that country, so there are practical reasons why these issues are of interest not just to the people in those countries but to our citizens. By sheer accident—I did not realise at the time, but it is done and dusted now and cannot be undone—I went through Serbia one year and, in my ignorance, did not appreciate that I would not be insured. I would not go through Serbia now that I know that but, having done so, I can tell you that the road network there is absolutely the best in that part of the world. It is a shame that my constituents cannot get to their businesses and properties by the shorter route through Serbia because of insurance issues. That just gives you one example that confronts businesses and people who have properties there. I think that we should look at that.

On Macedonia, I know that world-renowned professors have been exercising huge efforts trying to resolve the difficulties with the name of that country and its flag and everything else.

However, my question for Ian Duncan is on the procurement directive. I know that there was a series of votes on that on 8 October, but I have not kept up with them. Can you find out what the

impact of those was? I know that, at that stage, more than 1,000 amendments had been tabled in the European Parliament, and I know that the social aspects of the clauses that were being voted on are very important for all of us.

Ian Duncan: I was prepared in my head for another question but, on the procurement issue, which was also raised at our last meeting, the vote did indeed go through. The procurement directive that is now moving forward will be much more supportive of the areas that you were considering. It was not stripped of the social provisions, as a number of members in the European Parliament were keen to achieve, so it is a far more robust law, if you like. Of course, that is not the end of it, as there is another stage to go before the matter is finally resolved and many of those amendments could be wheeled back in in another guise. It is not over yet but, by the end of the year, we should have greater clarity on the final position that emerges from the European Parliament.

Helen Eadie: That is helpful, thank you. Of course that will impact hugely on our supported businesses, such as Remploy and others here in Scotland. I think that you are saying that it is good news, but we will have to watch this space.

Ian Duncan: Yes, for a wee while more.

The Convener: It might be helpful to have that as a running item in the "Brussels Bulletin".

I just want to pick up a couple of points on the issue of enlargement. Helen Eadie is absolutely right, and her experience across all of those lands is always very welcome to the committee.

My own interest is the project that I am involved in with the Westminster Foundation for Democracy in Montenegro. When I was out there in the summer, I met the person who is working with the committee system, the Parliament and the procurement laws there to end some of the corruption. Montenegro is moving swiftly towards some of the EU points that it has to sort out before it can go forward to EU status. It is working hard on that and I saw some interesting ways to do that and lots of learning from other countries, which was good.

The Irish Minister of State with Special Responsibility for European Affairs, whom we met last week, said that she was disappointed that Croatia will enter the EU the day after the Irish presidency finishes on 1 July because the Irish were quite keen to welcome a new nation into the EU. I think that Croatia's entry is scheduled for round about 1 July, so who then picks that up? Do we know who will have the presidency then and will get the benefit of that?

Ian Duncan: You have asked me a question to which I should know the answer.

The Convener: We will leave it with you.

Ian Duncan: Oh, I do know the answer. It is Greece—it was a bit like Trivial Pursuit there.

The Convener: Clare Adamson raised a good point about the gender quotas—I want to highlight it as well, because it is something that I followed keenly. I hope that, with the committee's approval, we can draw that issue to the attention of the Equal Opportunities Committee as something for it to look at.

I had the great honour of meeting the Deputy High Commissioner for Rwanda yesterday, who was talking about the quota that Rwanda has in its constitution for gender balance—30 per cent, which reflects what Viviane Reding has suggested for EU boards. Rwanda built that into its constitution a number of years ago as a means of healing its society after the brutal civil war there. Thanks to that gender quota, women make up 56 per cent of its Parliament right now, which probably has led to health and education being the top priorities and to the fact that it has just introduced a free universal education system. We should look at the benefits of having the women in charge. I hope that the committee will agree to bring that to the attention of the Equal Opportunities Committee, because I think that it should pursue that.

Finally, on SME entrepreneurship, could you give us a wee insight into how that will impact on horizon 2020 given that a key element of that is to increase SME engagement? I see that only Austria, Germany and Malta recovered to their 2008 position, while a number of other countries did not. There is no mention of the UK that I can see. Where is the UK on that list?

Ian Duncan: Looking at the list, I am quite surprised that the UK is not on it, but that is obviously because I have left it out. The UK has not recovered to its previous position at all. The relationship between horizon 2020 and SMEs has been widely recognised by those behind the programme as a serious problem, not just in the UK but throughout the EU.

One of the difficulties is that the Commission often employs a bunker mentality—the people who deal with the SMEs work in one bunker and the people who work in research and development are in another bunker. Trying to encourage dialogue within the offices in Brussels can be the biggest challenge of all. However, that is widely recognised as a failing and trying to ensure that the SMEs are the beating heart of horizon 2020 is a major ambition. Both sets of officials are now working closely together to achieve that.

Willie Coffey: I endorse the comments that the convener and Helen Eadie made about the Westminster Foundation for Democracy and our

relationship with some of the Balkan countries. The Public Audit Committee, of which I am a member, has met visiting delegations of members from those countries' Assemblies, which have been keen to establish some kind of link with us to talk about accountability, scrutiny and so on—about how to hold their own emerging Governments to account. I do not know if there has been any formal follow-up to those engagements.

I do not wish to give the Public Audit Committee or the Parliament any more work than they are currently undertaking, but it might be useful for this committee to establish a link with those countries, by videoconference or other means, and perhaps have a topic discussion day to explore how we could further help them in the subjects and the areas that they are interested in. Sometimes when delegations visit us, that is the end of it and we do not hear very much from that point on. If developing those links was a possibility for the European and External Relations Committee, that would be much appreciated.

The Convener: One of the clerks, Jim Johnston, has told me that the United Kingdom and international relations office in the Scottish Parliament is working closely with the Westminster Foundation for Democracy. It may be worth inviting the office representatives to give us a briefing on how that engagement is taking place and to address some of the follow-on opportunities that we may be missing out on.

Helen Eadie: I support all that Willie Coffey has said. A videoconference would be good, as it would not open us up to accusations that we want to go off on visits and all the rest of it. We want to do a real job of work with these people, and if there is an economic way to do it, that would be an excellent idea.

The Convener: Are we content to send the "Brussels Bulletin" to other committees for consideration, with the proviso that we write to the two committees that we mentioned—the Equal Opportunities Committee and the Economy, Energy and Tourism Committee—to draw out specific points?

Members *indicated agreement.*

Willie Coffey: Is the 4G paper part of that?

Ian Duncan: It should be part of that. We will ensure that it is in there.

Willie Coffey: Can I throw in a little comment about the 4G paper, convener? It might not come up elsewhere.

The Convener: Of course you can.

Willie Coffey: I just want to thank SPICe for producing the briefing note on 4G. As members

know, 4G arrived yesterday—on Hallowe'en, which was appropriate as the pricing certainly gave everyone a fright.

With regard to how 4G develops in the UK and throughout Europe, I would like to know—although I do not know whether the committee will take a direct interest in this—how 4G is developed in other European countries. Some of those countries have had it for three years, as the paper mentions.

I would like to know how those other countries provide 4G coverage and what they charge their customers for the service, because it seems initially to be pretty expensive over here. I know that that always happens when a new technology arrives, and that the pricing will ultimately settle down, but I do not have any idea of what other countries are charging. That information is crucial for us to be able to exploit that technology. I will leave it in the convener's hands to decide whether we look at that issue at some point in the future.

The Convener: I think that it is important for us to keep an eye on that one.

Ian Duncan: Certainly. Francesca McGrath put the paper together, which is very good, and we can ask her for an update on those areas. I think that another committee in the Parliament is exploring the 4G issue; we will bring the paper to its attention so that it is aware of what is going on in the Parliament, and establish where it stands on the issue.

The Convener: Does that address Willie Coffey's point?

Willie Coffey: Yes.

Committee of the Regions (Open Days Events)

10:42

The Convener: Item 3 is a report on the Committee of the Regions open days events, which I attended on 8 and 9 October. Members have quite a lot of papers on that subject, along with all the presentations. I felt that handing out the presentations would be a much better way of letting members see some of the points that were raised.

It was a whirlwind visit. I went straight from the airport to the reception, and then straight into a meeting with some of the Committee of the Regions people who were over there. First thing next morning, I was back in for the presentations. At the end of the day, before heading back to the airport, I took advantage of the visit to have a good 45-minute chat with Scotland Europa. I spoke to Ian Campbell on the Scottish Government side too, and got an update on where we are with horizon 2020 and some of the other issues that are of interest to the committee.

The main presentations were hosted by Stewart Maxwell MSP, which I had not realised because I had only an outline of the event before I went over. There were two important presentations: one from KU Leuven, by Professor Koenraad Debackere, and one from Mr Gorka Espiau Idoiaga. They both come from small emerging areas that see themselves as economic drivers. They have already had connections with Scotland, and the work that they are doing in generating their horizon 2020 programmes is very close to the work that this committee did at the beginning of the year in our deliberations and recommendations to the Commission on horizon 2020.

I have included a wee overview of what they each said and a wee opinion piece from me on how that impacted on what we could get involved in. I will leave that with the committee. As you can see, it would have been easy to go into pages and pages of detail, because both those gentlemen's presentations were so interesting. I have highlighted the main points and those that chimed with the committee's work programme. I am happy to answer any questions or hear any ideas on how to take it forward.

Hanzala Malik: I have one small point. You did not give yourself a lot of time. Sometimes you need flexibility, particularly when you are meeting people to discuss issues off the record. That is important, in terms of networking. It is important to press palms, meet people face to face and exchange ideas, and for that you need a little

flexibility. Perhaps you could consider that element and build it into your next visit.

The Convener: Yes, absolutely. As Helen Eadie said, we always need to be cognisant of how much these things cost. I had a very limited budget, which meant that I had only one overnight stay, and that is why we packed so much into it. The flights are a bit odd as well, as I got over in the late afternoon. It was pretty tough, but your point is well made and is noted.

European Chairs—United Kingdom (Meeting)

10:46

The Convener: Item 4 is feedback from me again—members will be sick of listening to my voice—this time on the European Chairs-United Kingdom group meeting, which was in Belfast. I was accompanied by Jenny Goldsmith, Jen Bell and Ian Duncan, which was very helpful as they cornered different parts of the agenda and gave me the right advice as we went along.

The main event of that meeting was the briefing by the Irish Government's Minister of State with Special Responsibility for European Affairs, Lucinda Creighton, on the Irish presidency and Ireland's plans for the European Council. Ireland's presidency starts in January 2013 and it seems extremely well geared up for it. From the answers to some of our questions, it seems that it is a bit ahead of the game.

The Irish Government has three main priorities for its presidency, which I will read to you so that I get them exactly right. The first priority is to restore stability by implementing the EU's new economic governance rules and procedures. It seemed very optimistic about achieving that, which was good to see, given Ireland's own challenges. The second priority is sustainable economic growth through boosting competitiveness and creating jobs. An aspect of that is that Ireland is looking at a capital programme for creating jobs, which is something that we have looked at here. The third priority is a focus on the multi-annual financial framework, which I think will be a challenge, but one that it seemed well genned up for. The key issues up for resolution are obviously the negotiations on the common agricultural policy and the common fisheries policy, horizon 2020 and the cohesion policy. This committee is interested in all those aspects that Ireland will take forward.

The EC-UK group members then had a question-and-answer session with the minister, which went into a lot of detail on how Ireland has taken forward some of its plans and how it is seeing very tentative recovery in Ireland, which is welcome. Dominic Hannigan, the chair of the Committee on European Union Affairs from the Houses of the Oireachtas, also attended and gave us an update from there.

Issues covered in discussion with the minister included enlargement, which we have just spoken about. Ireland was disappointed that it would not be the presidency that welcomed Croatia, but it wished it all the best. The discussion also included the EU integrated maritime policy—specifically blue economic growth—and fishing disputes on

mackerel. Jamie McGrigor will be very interested that Ireland, being a fishing country, is very interested in resolving that issue.

There was a decent presentation on the peace programme 4 in Northern Ireland, which is an EU-funded programme and the next stage of the peace process. Interestingly, the Northern Irish people at the meeting said that if sectarianism is stripped out, the key issues in Northern Ireland are poverty, lack of opportunity and jobs, which are also issues here. The peace programme 4 will address those key issues, because lack of opportunity and poverty can create division and resentment, which is one of the issues that they are working closely on.

In the main EC-UK group meeting that followed, there was a discussion involving all the chairs. We gave an overview of our committee's work, and the other chairs did the same for their committees. We gave an update on progress on the Scottish Parliament's EU strategy. There were a few questions on that and a lot of interest.

We also discussed the Foreign and Commonwealth Office review of the balance of competences, which is an issue that we will come back to with the House of Lords, and scrutiny of EU secondary and delegated legislation, which is a concern that will be discussed further. There was also a robust discussion on the impact of subsidiarity and proportionality.

Do we want to expand on any of that?

Ian Duncan: No. That was a comprehensive review.

The Convener: Any questions or comments?

Helen Eadie: That was helpful, convener. It is good to have the kind of report that you have given, with headlines about what you discussed. I was a member of this committee in a previous parliamentary session, and I do not remember any convener giving a report in the way that you have done, so well done.

The Convener: Thank you.

Willie Coffey: Was there any discussion in Belfast about the UK Government's plans for corporation tax and air passenger duty for Northern Ireland? I attended the British-Irish Parliamentary Assembly recently at which the Secretary of State for Northern Ireland, Theresa Villiers, announced that she supported the measure for Northern Ireland but was keen to put it on ice for Scotland until after the referendum in two years, which I found a particularly interesting position to adopt, given the competition that there could be in that regard. Was there any chat or discussion about that?

The Convener: There was not. There was a conversation about it on the radio this morning, because apparently some businesses and airports are feeling the pinch on this one. Perhaps we can look at that and take it forward.

Hanzala Malik: The air passenger duty issue is important for attracting airlines to Scottish airports. Perhaps we can determine what the difference will be, because it has been suggested that it will be £1 per passenger. More important perhaps is how much it will be per plane and how much more it will cost the airline operators. That is what could determine whether a passenger travels from, or uses or does not use, a Scottish airport. Perhaps we can try to tease out the difference in that regard. It does not necessarily need to be reported at the committee; you can simply send me that information, convener. If it is significant, we can bring the issue to the committee, but if it is not, that is fine.

The Convener: I should add that this is not about a comparison between Scottish airports and other UK airports, although I think that that comparison should be made. It is a comparison with airports abroad. One of the comments that I heard on the radio this morning was that people are bypassing Scotland and not stopping off here but going straight to Amsterdam and Paris, so we are losing out again to European airports, which are much more open and friendly in that respect. However, do members agree that that is worth a bit of investigation?

Members *indicated agreement.*

The Convener: We agreed at the beginning of the meeting that we would take items 5, 6 and 7 in private. I thank the members of the public for coming along.

10:54

Meeting continued in private until 11:10.

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