



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

EUROPEAN AND EXTERNAL RELATIONS COMMITTEE

Thursday 27 June 2013

Thursday 27 June 2013

CONTENTS

| | Col. |
|--|-------------|
| “BRUSSELS BULLETIN” | 1259 |
| SCOTTISH GOVERNMENT REPORTS | 1267 |
| COMMITTEE OF THE REGIONS | 1271 |
| COUNCIL OF EUROPE CONGRESS OF LOCAL AND REGIONAL AUTHORITIES IN EUROPE | 1273 |
| SUBORDINATE LEGISLATION | 1279 |
| European Union (Amendments in respect of the Accession of Croatia) (Scotland) Regulations 2013 (SS1 2013/177) | 1279 |
| EUROPEAN AFFAIRS | 1281 |

EUROPEAN AND EXTERNAL RELATIONS COMMITTEE

13th Meeting 2013, 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)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Rt Hon David Lidington MP (Minister of State for Europe)

Annie McGee (Foreign and Commonwealth Office)

CLERK TO THE COMMITTEE

Katy Orr

LOCATION

Committee Room 6

Scottish Parliament

European and External Relations Committee

Thursday 27 June 2013

[The Convener *opened the meeting at 09:00*]

“Brussels Bulletin”

The Convener (Christina McKelvie): Good morning and welcome to the 13th meeting in 2013 of the European and External Relations Committee. I make the usual request that all mobile phones be switched off.

The first agenda item is the “Brussels Bulletin”, a copy of which members will have in their pack. Do members have any questions or comments?

Helen Eadie (Cowdenbeath) (Lab): I compliment the officials who prepared this full and detailed report. Of particular note is that there are still issues around the budget and it looks as if it will not be concluded at this time. It could be that we are looking to July, August or September, or perhaps even beyond that, which is slightly worrying for everyone.

We are pleased to note the negotiations that will take place on the transatlantic trade and investment partnership. According to the newspapers, if we can get through those negotiations, the partnership could create up to 2 million jobs. That is something that we desperately need, given that there is such a huge problem with the unemployment figures across Europe, which we are all concerned about.

I also read—I cannot remember whether it was in the “Brussels Bulletin” or the newspapers—that an initiative is being looked at to match up public service jobs with vacancies across Europe, and to co-ordinate that for the first time. That is to be welcomed, and perhaps we could ask the Westminster Government representative about it when he is here later this morning. It would be interesting to know the detail of how that initiative will work. Given that there are 1.5 million vacancies, I am sure that many unemployed people in this country would be pleased to know where the jobs are. They certainly do not seem to be in this neck of the woods.

Another issue of some concern is regional state aid, which I was pleased to read about, given all the lobbying of this committee and other MSPs about the regional state aid rules. However, I was a little bit concerned that the new guidelines appear to suggest that Commissioner Almunia is perhaps putting down a marker for the future. We

have managed to hold on to the ability of companies that have more than 250 employees worldwide to get state aid, which has benefited some companies and areas in the United Kingdom. I was concerned when I read:

“The Commission will carry out a detailed examination of large aid measures, focusing on their incentive effect, proportionality, contribution to regional development and effects on competition.”

I think that that is a marker for the future. Commissioner Almunia is perhaps suggesting that, although he did not change the rules this time round, he will change them in the future. I also note that

“Member States will have to publish on the internet data on how much regional aid they grant and to whom”,

which is quite good from a transparency point of view.

Another issue that is of special interest to all of us is that member states have been asked to accelerate the implementation of youth guarantee schemes. The European Commission is talking about

“the ‘frontloading’ of the €6 billion Youth Employment Initiative in order that the money is committed in 2014 and 2015”,

which is really good. We have—I think—89,000 unemployed young people in Scotland who are aged between 18 and 25, so that is really helpful.

The “Brussels Bulletin” states:

“the Commission’s ... annual recommendations included stepping up measures to increase youth employment, in particular through the Youth Guarantee.”

Perhaps we could ask for further research and ask to what extent that is affecting Scotland. It continues:

“The Commission also called on the UK to increase the quality and length of apprenticeships, to simplify qualifications systems, and to strengthen the engagement of employers – particularly in the provision of advanced and intermediate technical skills.”

I would not have thought that that would be an issue here in Scotland, but perhaps the Brussels office or the Scottish Parliament information centre could look at it. The quote is on page 4 of the bulletin.

The following page mentions something that I think is quite important, which is the Commission’s proposal for the public employment service initiative that I mentioned earlier. It is going to be important for simplifying mobility. As we move on to the next section about professional qualifications, I welcome the idea of simplifying the mobility of professionals across the European Union. Despite all the hopes and aspirations that we had when the EU and the Common Market

were first set up, we are not quite there yet. If we could achieve that, it would be very good.

On the provisional agreement on the planned revision of the directive on professional qualifications on 12 June, I have highlighted the fact that the revision will have to be

“voted upon by the Parliament’s Internal Market and Consumer Protection Committee (which will probably take place before the summer recess period)”.

I wonder whether our SPICe team could update us on the outcome of that vote, because that would be quite helpful.

Under the heading “Internal energy market” on page 6 of the bulletin, there is the paragraph:

“Adoption of national strategies for the development of smart grids and roll out of smart meters, making use of regional policy funding, and the rapid development of common standards at EU level.”

That is really good, but I want to know a little bit more about

“the phase out of subsidies to maturing renewables”,

because that could have an impact right across Scotland on many aspects of the work that we do here. That has been a focus of our Government, and when the Labour Party was in power, it acknowledged that renewables is a powerful area of Scotland’s development. If there is a suggestion that we are going to lose out on any subsidies, we need to be alert to that.

On trans-European transport, the final agreed network maps were going to be published following formal endorsement of the deal by the Council and the European Parliament. I would like to see those maps sooner rather than later. They must be in draft form. At one stage, many years ago, there was a suggestion to leave one of the trans-European network groups that included the Forth road bridge off the main map. Luckily, some members of the European Parliament were especially alert—I think that it was Ken Collins who was very vigilant at that time. We should keep an eye on that.

Again on the issue of funding for trans-European transport, the connecting Europe facility will be directed to those priorities. I hope that someone in the Parliament—perhaps the appropriate committee—will look at the relationship between the funds that are going to come in the connecting Europe facility and see to what extent it is possible that they could go to a third runway in London, to which I am really opposed.

Better national hub airports should be developed throughout the EU. The funding could go to that kind of initiative instead. I do not care whether it is in Manchester, Newcastle, Aberdeen, Edinburgh or Glasgow, but the money should be

directed to those areas. I hope that we will be vigilant about trans-European transport funding. That is really important.

Convener, you will be glad to know that, although I have various other points to raise, if something is worrying me after the meeting, I will raise it with the clerks.

The Convener: Okay. The clerk has taken a note of all the issues that you have raised, Helen.

I have a couple of points. The issue of the recognition of professional qualifications ties in with the directive on the free movement of workers that we dealt with last week. I know that the Economy, Energy and Tourism Committee was looking at that but it, too, had only a short time to deal with the issue. A bit of a pattern is being established on some directives. We should perhaps speak to members of that committee and see what they did on the professional qualifications part of the directive.

I have spent a bit of time over the past week or so looking at the issue of the youth guarantee. Within the papers, members will have received a letter from Angela Constance, the Minister for Youth Employment, with quite a detailed analysis of what is happening with the youth guarantee in Scotland. There is an extremely helpful map, which I have printed in black and white. If you see it in colour, though, it shows you the different youth employment figures throughout Europe. I am a visual person, so something like that allows me to understand the issue a bit better. I draw members’ attention to that important information from the minister. It is certainly an issue that we will follow up.

I asked Iain McIver in SPICe to do a bit of work and he has given me some information on the youth guarantee and the differences throughout the UK and Europe. We should share that with committee members. I raised some concerns that the United Kingdom Government is failing to implement the youth guarantee, which has consequences for the employment figures. That is a real concern. At our business planning away day in September, we could discuss doing a bit of work on that in the autumn.

Another thing that jumped to my attention was the European Commission’s country-specific recommendations. For the UK, issues were raised on

“the limitation of the tax burden on labour”

and

“the reduction of gaps in employment protection between different types of work contracts”.

What sprung to my mind is that that could be a powerful argument against age discrimination and

the two-tier minimum wage. A bit of analysis and investigation needs to be done. It does not matter what age someone is. Their work contract will suggest that they should work a certain number of hours for a certain rate of pay, and there should not be a two-tier minimum wage in the UK. It may be grandiose of us to think like that, but we should look at the issue. I know that the Scottish Youth Parliament is doing a bit of work on it. We could bring the Commission's recommendation to its attention as something to follow up. It is certainly an issue that we can look at when we consider the whole picture in the autumn.

Are there any other comments from members?

Hanzala Malik (Glasgow) (Lab): I have two small points. First, at the previous meeting, I suggested that we need someone to focus on to give advice on funding that is available in the European Union. I do not see anything in the paper about whether we have appointed or identified a person or body who could do that. We could circulate that information to organisations and, in particular, schools and colleges.

The other item that I am looking at is the upcoming events and meetings in Brussels. The agriculture and fisheries council meets on 15 July. I wonder whether the committee or Parliament will be represented at that meeting. If not, could we consider that?

The Convener: Okay. We will take note of your first point, about EU funding. That is important. The meeting on 15 July is the formal council, so there will be a UK-led delegation at ministerial level. In most cases, Richard Lochhead is at those meetings; we do not expect that to change.

09:15

Hanzala Malik: That was not my point. My point was that we need to ensure that there is representation from whomever, because the issue is important to us in Scotland. Regardless of whether it is a UK delegation, I would want to be assured that there will be someone to represent our interests at that meeting.

The Convener: I agree, but the problem is that that is not within our gift. It is the UK, as the member state, that leads the delegation, so it is up to the UK to determine who forms part of that delegation.

Hanzala Malik: Could we ask the UK Government to advise us who will represent us at the meeting?

The Convener: I am sure that we could. We could ask David Lidington later on—we can add that to the list of questions.

Roderick Campbell (North East Fife) (SNP): I have a comment about linguistic integration. The Council of Europe has created a website to foster a debate between policy makers and practitioners. Could we inquire whether the Scottish Government intends to participate in that website in any way?

The Convener: I think that we should ask about that.

Jamie McGrigor (Highlands and Islands) (Con): The bulletin deals with investment services on pages 7 and 8. Quite a lot seems to be being done on the organised trading facility, which is a new type of trading venue, and things to do with the markets in financial instruments directive. Given the importance of the financial sector to Edinburgh in particular, do we have any idea how that sector is responding to those developments or what it is saying? The bulletin does not say whether the developments are good or bad. Such matters are important to the UK economy, too. Much of the UK's invisible earnings are based on the City of London. The bulletin does not comment on how the EU proposals are being received.

The Convener: We can inquire about that.

Jamie McGrigor: How can we do that?

The Convener: We can inquire through Scotland Europa.

Jamie McGrigor: Would it be okay to do that?

The Convener: Yes. The other suggestion is that we could speak to Owen Kelly from Scottish Financial Enterprise. We will get back to you with some information on that.

Jamie McGrigor: Okay. Thank you.

Clare Adamson (Central Scotland) (SNP): I have a comment on the section on electronics on page 7, which deals with the Commission's focus on the electronics industry across the EU. I found the way in which the situation is described quite disturbing. It is almost a declaration that the EU will not be able to compete in the international market on electronics. I would like a bit more information about where the major competitors are in that area.

In the context of youth unemployment, one of the apprenticeship focuses is on technical skills. Given the EU's focus on the electronics industry, in conjunction with the horizon 2020 research money and the youth unemployment focus, we should highlight the opportunities that Scotland may have in electronics.

The Convener: Okay. That is something else to follow up.

Willie Coffey (Kilmarnock and Irvine Valley) (SNP): My comments are along the same lines as

Clare Adamson's. I draw the committee's attention to the multi-annual financial framework agreement. We were concerned about the huge cut in the broadband infrastructure budget. I am not clear whether that is still part of the proposal, although I imagine that it is. Members might recall that a cut of around 88 per cent in that budget was proposed.

As Clare Adamson mentioned, the bulletin mentions the need to develop our capability to design and manufacture electronic components that are essential for the digital economy. That sounds great, but I get the impression from reading various papers on the subject that the approach to the digital strategy and the digital economy is a wee bit fragmented. Members will see from the figures that the convener explained to us that in Spain, for example, youth unemployment is as high as 60 per cent. The convener also mentioned the UK's attempts to implement the youth guarantee scheme, one component of which—according to the bulletin—is investment in the digital jobs strategy for young people.

A range of opportunities exist, but I get the sense that the approach is a wee bit fragmented. I wonder whether we could get a broad-brush picture of the view of the EU, or even the Commission, on the digital strategy. On the one hand we hear about massive cuts to infrastructure, and on the other hand we hear about the pursuit of investment for youth and digital jobs opportunities and so on. The two do not meet. Is there an opportunity for us to get a briefing on or review of the overall picture?

The Convener: We can seek information from the Commission. We might also ask the minister that question later today.

Helen Eadie: I totally support Willie Coffey on that point. He is absolutely right to keep going on about this. At one stage, €28 billion was available for broadband across the EU, and I would like to know where all that money has gone or how much of it has been spent.

Willie Coffey: We know that the youth unemployment picture in Scotland is improving considerably compared with the picture in the UK, but the figure for Spain is quite frightening—I think that youth unemployment in Spain is as high as 60 per cent. A digital strategy with that kind of ambition for young people in the European Union must really work. I am pleased that member states have been asked to accelerate the programme and front-load the investment. Surely to goodness that will have a positive effect on a country such as Spain, which is suffering really badly through youth unemployment.

The Convener: Thank you. Are members content for us to send the "Brussels Bulletin" to the relevant committees for them to pick up on the issues? The clerk now has three pages of issues to chase up.

Members indicated agreement.

Scottish Government Reports

09:21

The Convener: Agenda item 2 is consideration of three reports from the Scottish Government. One is on European funding, one is on the transposition of EU directives, and one is on horizon 2020. Do members have any comments or questions?

Helen Eadie: It is helpful that we have been given such detailed information, particularly on the funding. We perhaps need to put pressure on the Scottish Government and the Westminster Government. I have not sat down and worked out a detailed calculation, but from a rough calculation based on what is in the papers I estimate that more than €800 billion is available from the EU budget, yet the Scottish drawdown is something less than €5 billion. I am sure that, if people were galvanised, focused and brought together at the Westminster and Scottish levels to work on the issue, we could do a whole lot better than that. The current situation strikes me as lamentable when all that money is available.

Let us take, for example, the Comenius programme moneys that we considered in our languages inquiry. In the course of that inquiry, we discovered that teachers have never heard of or seen any publicity about the funding that is available. I am certain that other funding is available for students, commerce and industry across Scotland, but people are just not being made aware of it. Everybody in Scotland and the United Kingdom must work a whole lot harder on the issue of the funding that is there to be spent. We might discover, through the efforts of Willie Coffey, me and others, that the €28 billion for broadband has not been spent. If that is the case, it is because all of us are not working hard enough on the issue.

We really must examine the situation under a microscope and put ministers at the Scottish Government and Westminster levels, as well as our parliamentarians in the European Parliament, under pressure to make much more publicly accessible the information about what funding is available for everybody to draw down. We need to get people together and ensure that academics, commerce and our industry groups are homing in on the funding issues.

The Convener: I could not agree more. We could do more to include in our inquiries and reports some thread on the European funding that is available.

It comes back to our original report, in which we suggested that there should be a strategic central funding agency or organisation to do that type of

work. It would do the donkey work in the background—the real hard slog of identifying funds and seeing where they matched—and would also do some of the public relations work to advertise the funding. The Comenius programme is a perfect example of that. How can we ensure that every teacher in Scotland knows about the opportunities that exist for them to use the Comenius programme for their personal and professional development?

Helen Eadie: Absolutely.

Roderick Campbell: The phrase

“information not held by Scottish Government”

sometimes appears in a column in the table on European funding. Is that because the Scottish Government is not really involved in some of the issues? I had not even heard of some of the funds, such as the Hercule II programme, which aims

“to enhance cooperation in the fight against fraud”.

What on earth is it? Is nothing in Scotland eligible for funding from that programme? I am not criticising the table, because it gives us a lot more information than we would otherwise have, but it tells only part of the story.

The Convener: Part of the problem is that some of the projects are cross-border ones, so the information is not centrally held here; it is held at Westminster level. We should maybe look into that issue. For some programmes the drawdown of funding is for reserved matters, such as energy. In those cases there is maybe a UK-wide funding settlement rather than specific funding for Scotland.

Roderick Campbell: I picked the Hercule II programme because Scotland obviously has a separate legal system and the term “fraud” implies that there is some element of criminality.

Helen Eadie: Roderick Campbell is right. There is also the trans-European networks for transport and the Marco Polo programme. We drew down funding from the Marco Polo programme when the Rosyth to Zeebrugge ferry route was being developed.

I am concerned about the trans-European networks for transport. Five or 10 years ago, I asked the Scottish Government to what extent we were using those funds to develop road networks such as the new Forth crossing. As far as I am aware, we did not draw down a penny from Europe for that project. We might have been eligible, because at one stage that route was a trans-European network route. We have to pile on the pressure and say that that is just not good enough.

The Convener: The report on funding is a working document. The first draft that we received

did not have as much information as the current draft. The clerks consistently go back to seek clarification and updates. I hope that as time goes on the table will be populated with much more information. We should take up the points that members have raised and see whether we can get some additional information on those.

The Scottish Government has agreed to come back to us with an updated table every six months or so. That will allow us to see where the gaps are and whether we can find information to fill them.

Helen Eadie: I compliment the committee clerks and Government officials, who have done a lot of work on the table. The document is crucial. Everyone must value it and appreciate that, as you say, there is a whole lot more work for us to do on it.

Willie Coffey: Convener, can you help to clarify exactly what some of the information in the table means? For example, if there is no drawdown by the UK, does that mean that Scotland can therefore not draw down its portion of that fund? I draw members' attention to the European globalisation adjustment fund, which is listed in the middle of page 9 of the table. It is a €500 million fund

"to provide one-off support to help individuals re-enter employment following redundancy as a result of globalisation".

You would imagine that there might be an opportunity for the UK to draw down some of that funding, but the table indicates that there is no drawdown by the UK and no drawdown by the Scottish Government. If the UK does not draw down any funds, can we still apply to draw down funding for Scotland? I doubt that.

The Convener: The information in one column in the table suggests that

"Applications for funding are made by Member State Governments".

Willie Coffey: In the example that I mentioned, are we in the UK missing a trick when it comes to instigating applications to draw down funding?

Secondly, when there is a drawdown allocation in the table, I presume that that is our allocation or fair portion of the drawdown. The amount that is shown is not an indication of failure; it is Scotland's allocation from the total drawdown. Helen Eadie is correct to point out that, when there is no drawdown by the UK, we should be alerting our colleagues in the Westminster Parliament to act on those matters.

09:30

The Convener: We could do that later this morning, for example.

Helen Eadie: I have a comment on the European globalisation adjustment fund, which was mentioned in a previous paper by Iain McIver. The paper explained that it would cost the Westminster Government more, pound for pound, to draw down the money than the benefit that we would get from it. That claim merits a bit more investigation, as it is a convenient excuse for Westminster. Recently, there were 1,000 redundancies at Halls of Broxburn. The fund was designed for situations that involved such large-scale redundancies, so millions of pounds could have been drawn down, but the Government's excuse was that it would have cost more, pound for pound, to do that. That is a spurious excuse, and we should ask the minister about it this morning.

The Convener: The clerk has just reminded me that we will return to our main focus on EU funding in the autumn. Addressing some of those specific points will allow us to drill down into the whole funding set-up and to find out what is working and what is not and where the gaps are.

Helen Eadie: Super.

The Convener: Are there any comments on the other reports from the Scottish Government?

The report on the transposition of EU directives seems to be pretty straightforward. I want to highlight a wee point in the horizon 2020 report. The report on the FP7 programme, which is the predecessor to horizon 2020, suggests that Scotland secured funding of €484 million, which is only 1.5 per cent of FP7. However, in the grand scheme of things, it is 10 per cent of the UK allocation, so proportionately, given our population, we are punching above our weight in that respect.

That demonstrates clearly the work that our universities have done in research and innovation, and builds a good platform for horizon 2020 with regard to considering how it can expand and reach out to business and create economic growth through research and funding mechanisms. I wanted to draw the committee's attention to that. We have perhaps not been punching above our weight at UK level on some funds, as we have just discussed, but on others we have certainly been leading the way, and I hope that we will continue to do so.

Are members content to move on from the reports? If there are any other points, we can always raise them via correspondence.

Members indicated agreement.

Committee of the Regions

09:32

The Convener: Agenda item 3 is a report from our two members on the Committee of the Regions. Members will remember that, about a year ago, we conducted a short inquiry on the make-up of the Committee of the Regions and who should go as delegates, and we recommended and nominated members for that. Both members have sent us a report, which was compiled by Stewart Maxwell MSP as the continuing member of the Committee of the Regions. Patricia Ferguson is a relatively new member of that committee, having only recently been nominated; I think that it is about a year before a member can attend properly.

Stewart Maxwell has put together a report on his and Patricia Ferguson's behalf, and Patricia will compile the next report on behalf of them both. I refer members to paper EU/S4/13/13/3, which contains the very detailed report.

I invite comments and questions from members.

Jamie McGrigor: I am now meant to be an alternate member. As members will see from paragraph 4 of Stewart Maxwell's letter, we

"only had one member who was eligible to attend CoR meetings",

which was Stewart Maxwell, but that position has now changed, although I do not quite understand why. I was offered only one date, but it was June 19 and I had to stand in at the Rural Affairs, Climate Change and Environment Committee that day, so I regret to say that I have not been able to attend the Committee of the Regions. Nevertheless, I am sure that it does a great job.

The Convener: Previously, we did not quite join up—especially in respect of information-sharing—with some of the outside organisations and bodies that we have members sitting on. I hope that the report and the feedback that we now have from the members will allow us to improve that and to be more strategic in our thinking.

Jamie McGrigor: I will wait until I get a chance to attend.

The Convener: Subjects are discussed in the Committee of the Regions that certainly are relevant to this committee. That avenue of communication might not have been open before, but it is open now. I had a conversation with Stewart Maxwell and Patricia Ferguson last week and I know that both of them are keen to give feedback on anything that they feel this committee should take up.

Helen Eadie: The report is very full and covers lots of topics. Clearly, many of them are relevant to our work here in the Parliament. It is good to see those connections being made from the Parliament to the Committee of the Regions and back again.

The Convener: Are members content to write to Stewart Maxwell and Patricia Ferguson to thank them for the report and to say that we look forward to the next one?

Members indicated agreement.

Council of Europe Congress of Local and Regional Authorities in Europe

09:36

The Convener: Agenda item 4 concerns the Council of Europe Congress of Local and Regional Authorities in Europe, of which I am the full-time member and Helen Eadie is the alternate member. Both of us have been back and forth on congress business over the past year. I will give you an update on the recent meeting I attended on 12 June.

I sit on the governance committee of the congress and I have a brief synopsis of our meeting in Strasbourg. There were some good debates. A very good report was given on the developments that have taken place with the regions and territories with special status in Europe. There was a good exchange of views, and draft recommendations will come forward for the next meeting in October. A draft explanatory memorandum was adopted, which I will share with the committee. That is especially relevant for the Highlands and Islands, as we hope that they can maintain their special status.

The towns and regions group had a very good report on a pact to stop sexual violence against children—which includes all sorts of sexual violence—and trafficking. We had a good debate on the subject. The group has a campaign called “One in Five”, because statistics suggest that one in five children will be subject to some form of violence or abuse, which is scary. Some of the local authorities in the devolved regions and countries across Europe have adopted the one in five campaign and attached it to their Government websites. I have written to the Scottish Government to suggest that it does the same. We have the link to the website, which is detailed and has lots of area-specific information.

One in five is a campaign across Europe that we can share information with and support. That would allow us to tackle some of the cross-border issues—particularly those to do with trafficking—as well as an issue that is very topical just now, which is the use of the internet for images of child abuse. If we can get a good joined-up European strategy on those issues, we could reduce the incidence of such abuse and, it is hoped, reduce the figure of one in five.

A report was given on effective transfrontier co-operation in Europe. It was interesting that there seem to be no real barriers across Europe, apart from cultural barriers. The report looked at how we can reduce those and improve the situation; it

covered a spectrum of subjects such as trade, culture, geography and transport links.

Another draft resolution will come to the full congress meeting in October, as well as an explanatory memorandum, which I will share with the committee as soon as I have them. Follow-up resolutions were considered on some thematic issues, including on the rights of local authorities to be consulted by other levels of government and on citizen participation at local and regional level in Europe. An exchange of views was held on those issues, which will be brought up for further discussion at the October meeting. A discussion was also held on possible future topics.

In a discussion on strengthening democracy across regions in Europe, the full UK delegation—led by our friends in Ireland and backed up by our friends in Cambridge and Liverpool as well as myself—was involved. The report suggested that conflict in various parts of Europe, including the Catalan and Basque regions, was a danger to democracy, and it lumped the UK’s devolution settlements into the same category. Following a robust exchange of views, our Irish colleagues, backed up by our English colleagues and myself, managed to make changes to the report to clarify that our devolution settlements are respectful, peaceful and negotiated.

I commended our First Minister and the Prime Minister on the Edinburgh agreement process and argued that quests for further devolution or full independence cannot be lumped into the same category as some of the less democratic means that have been used elsewhere in Europe. The whole UK delegation was united on, and proud of, the fact that our devolution settlement and referendum process is a peaceful, respectful and agreed process. That was a good catch, because the report could have gone through without our realising it if my Irish colleague had not picked up the issue.

That is a fairly comprehensive update on what was a very comprehensive meeting, which I attended. Helen Eadie will give a wee update on the meeting before that one, which she attended.

Helen Eadie: I am pleased to be able to attend the CLRAE meetings as an alternate member. For the sake of members who might not know, I should explain that the CLRAE is a pan-European assembly of politicians that meets regularly. The congress has 636 members—they may be councillors, mayors or presidents of regional authorities—who represent more than 200,000 authorities in the 47 member states. The congress is separate from the European Union, which obviously has just 27 member states.

Since being appointed by the Scottish Parliament as an alternate member of the CLRAE

in February 2012, I have attended two of the three congress meetings and two of the three governance committee meetings. I have also attended three special project meetings in Albania. The congress has two chambers—the chamber of regions and the chamber of local authorities—and all congress meetings are held in Strasbourg. I attended the meeting of the congress in Strasbourg together with Councillor Harry McGuigan, who is the Convention of Scottish Local Authorities representative. Councillor McGuigan was accompanied by a COSLA official, who kindly assisted me in the course of the congress. It is interesting to note that, to date, the Scottish Parliament has not volunteered officer assistance at the congress meetings, but COSLA's official was very helpful.

There are national delegation meetings and political grouping meetings of the congress. The UK national delegation is led by Councillor John Warmisham from Manchester. Since my attendance at the governance committee meetings, I have been requested by the executive of the congress to represent it at project Albania meetings, which are held in Tirana. Over the past year, I have attended three of the special project meetings. The key purpose of the project is to help to strengthen local democracy in that country. Many people would like Albania to become a candidate country for European Union membership. In the general election in Albania last weekend, the socialist party won a landslide victory and defeated the conservative party, which had been seeking a third term in office. The socialists stood on a manifesto of striving to achieve EU membership, and I wish them well in that aspiration.

At the congress meetings that I have attended, I have been impressed by the work of the committees and their rapporteur system. In particular, I single out the work concerning the Roma—an important issue on which some key reports have been produced. It would be worth creating links to those reports from the Scottish Government and Scottish Parliament websites, because they are excellent and worthy reports. I also highlight the work concerning sex trafficking, which I know is a subject close to your heart, convener. It would also be worth getting that report linked up.

09:45

The congress struck me as being very much like a party conference. The difference, of course, is that there is not just one party at the congress. All the parties are represented and they have stalls and side meetings taking place in the lunch and evening breaks. Member states are eligible to

send delegations to those events, and all the delegations comprise a mixture of political parties.

Considerable effort is placed on promoting the monitoring of elections and the specialist training of observers. One of the core functions is ensuring that the peace and democracy agenda is strong in the Council of Europe. Delegations of observers go to many elections across the 47 member state areas. There are three main committee areas, on governance, monitoring and current affairs. The principal thrust of the work is about promoting peaceful and democratic progress in all 47 member states by sharing knowledge and experience. Many senior politicians attend the congress and its committees and there are numerous opportunities to socialise and make connections with diverse individuals.

My special project work in Albania has brought me into contact with a number of the special experts who have been appointed by the congress and with elected members from numerous regions—in particular, Russia, Estonia, Ireland, Sweden, Finland, Bulgaria and Romania, as well as UK elected members who are involved in those special areas. I am expected to return to Albania again in September, once the atmosphere surrounding the general election has settled down.

The Convener: Thank you very much. Are there any questions or comments?

Willie Coffey: That was a comprehensive update from both of you, so congratulations and thank you. On the strengthening democracy agenda, I wonder whether there was any discussion around a theme that I have mentioned previously at the committee, which is that of strengthening public accountability in the systems and processes of established Governments such as Albania or of emerging new states such as neighbouring Kosovo. My interest in that has arisen because of visits to the Scottish Parliament from a number of those new states. Has there been any discussion on that wider agenda about how to set up proper scrutiny and accountability systems for the new emerging Governments to further aid the democratic accountability that I am sure they strive to achieve?

The Convener: There are a number of projects. When countries such as Albania express an interest in joining the EU, whose main thrust is about enlargement, that is when projects such as project Albania are set up. Bits of work are going on in Kosovo, Montenegro and Serbia, and delegates from all those areas were at the most recent congress meeting to talk about what they need. The Westminster Foundation for Democracy is also doing some work on governance, standards, procurement, financial transparency and financial standards and scrutiny. That work is going on, but if you are so minded we can

certainly raise the issue at the next congress meeting. Either Helen Eadie or I, depending on who is there, would be happy to do that.

Willie Coffey: That would be helpful.

Helen Eadie: You have shared your interest in Serbia and Kosovo with us and you are always in my mind's eye when we talk about those things in Serbia. We often meet people at the lunch breaks or in some of the committee meetings who talk about those things. For example, in relation to Albania, you will know that, about 12 years ago, there was a great influx of nearly quarter of a million refugees from Kosovo, which was a massive problem. The Council of Europe and the CLRAE are alert to those issues.

Your point about setting up systems and scrutiny is core to the democratic accountability issues that are raised in the work of the congress. The rapporteurs who report to the congress go into great detail about the type of work that is done. If you wanted more detailed documentation, there is a range of reports on the website. We could perhaps check the website for you to see what information it has that is specific to Serbia and Kosovo and which might help you to further that interest.

Hanzala Malik: I have previously raised concerns about the failure of democracy in Greece, Italy and other European Union states, which has resulted in the setting up of Governments that have not been democratically elected but which are being accepted as democratically elected Governments. That is outrageous and unacceptable in this day and age. We need to deal with the issue because, if we do not, it will expand into other parts of Europe.

We have always held dear the high standards of democracy that we have in Europe and how we engage with democratic Governments around the world. We have certain standards and are quick to point out the shortcomings of other countries. However, now, in Europe, we see Governments that have been set up and accepted without an election. That cannot be healthy. We need to ensure that, before we consider expansion, we consolidate our current position to ensure that we do not allow this cancer to grow. That is what it is: a cancer. These are people who do not represent anyone, but we have accepted them as the legal representatives of those countries, which is not on. We need to make that point. I will be making that point to the UK minister today.

The Convener: I think that we have all made that point in the past. In some countries, the main victim of the economic crisis and recession has been democracy. That is something of which we should all be mindful.

We will have a briefing on Kosovo in the autumn. We should perhaps ensure that it includes a briefing on the mechanisms that the congress and other European institutions have in place to support and nurture the processes in Kosovo. Do we agree to do that?

Members *indicated agreement.*

Subordinate Legislation

European Union (Amendments in respect of the Accession of Croatia) (Scotland) Regulations 2013 (SSI 2013/177)

09:52

The Convener: Agenda item 5 concerns a rare piece of subordinate legislation. We should be delighted that one of the first pieces of subordinate legislation that the committee has dealt with in this session should be on making things more straightforward for a new member state.

Paper EU/S4/13/13/4 explains that the regulations make consequential amendments to legislation to give effect to the accession of the Republic of Croatia to the European Union. The regulations will come into force on 1 July, which is very soon.

Hanzala Malik: I look forward to the process being established so that we can have a look at how it actually works out, because we have concerns about various states and so on. This would be a good opportunity to consider the situation, and we will be able to form an opinion over the recess.

Jamie McGrigor: Is Croatia keeping its own currency—the kuan—or is it joining the euro?

Helen Eadie: It is joining the euro.

Jamie McGrigor: It is definitely doing so?

Helen Eadie: I have just been there, and I spoke with representatives.

Roderick Campbell: I am confused by what Hanzala Malik said. This is just a statutory instrument, and we are invited to make no recommendation on it. I cannot quite tie that into what Hanzala Malik was saying.

Hanzala Malik: I am saying that we will learn from their experience how they benefit from this, and see how that relates to—

Roderick Campbell: You are talking about Croatia's accession to the EU.

Hanzala Malik: Yes.

Roderick Campbell: I just wanted to get that a bit clearer, for the benefit of the *Official Report*.

The Convener: Just to be clear, this is a negative instrument so, if we have no recommendation to make, we can simply notify the Government of that. Are members happy to do that?

Members *indicated agreement.*

The Convener: Our next agenda item, which is a discussion of European affairs with the UK Government Minister of State for Europe, is not scheduled to start until 10.15. We will therefore have a brief suspension, during which members may have a cup of tea, gather their thoughts and prepare their questions for the minister.

09:55

Meeting suspended.

10:14

On resuming—

European Affairs

The Convener: Our final item on the agenda is a discussion on European affairs. I welcome—or, rather, welcome back—to the committee David Lidington, the UK Government Minister of State for Europe, who is accompanied by Annie McGee, head of devolution unit, and Tim Hemmings, head of Europe directorate—internal, at the Foreign and Commonwealth Office.

I believe that you have an opening statement, minister.

Rt Hon David Lidington MP (Minister of State for Europe): Thank you very much indeed, convener. It is good to be back with the committee again. As our time is limited, I will shorten my prepared remarks to give committee members as much time as possible to discuss whatever points or questions they want to raise.

The last time that I was here, which was in February 2012, the eurozone crisis was uppermost in the minds of politicians throughout the European Union. That has not gone away, but the sense of immediate urgency that infected Europe at the time has diminished, largely following the decisions that the president of the European Central Bank announced and implemented last year.

It is fair to say, however, that our friends in the eurozone are still having a debate about how exactly they can integrate their fiscal and economic arrangements more closely to support and bring back stability and growth to their currency union. Although we are not going to join the euro, it is very much in the UK's interests that a successful way is found to allow our major trading partners and allies to return to growth and prosperity.

Since I was last here, the Prime Minister has outlined a UK approach to Europe, making it clear that he considers that the national interest is best served by the UK remaining within a reformed European Union. The key reforms that are needed are an increase in Europe's competitiveness, greater flexibility and an improvement in Europe's democratic legitimacy.

Competitiveness is vital. If we look at the world, we can see that economic power and weight are shifting away from Europe towards the emerging economies of Latin America and Asia and that the competitiveness gap between the United States and Europe is starting to open up again after a period in which it appeared to be shrinking. Frankly, unless Europe dramatically raises its game on competitiveness, the next generation of

European citizens will not be able to afford the standards of living, the social protection or the public services that our voters throughout Europe take for granted today. That is the whole agenda surrounding the single market, trade and smarter and less burdensome regulation on business, particularly small to medium-sized enterprises.

On flexibility, the creation of the single currency and the economic logic of a currency union requiring greater economic and fiscal integration are driving a dynamic for change and we have to find ways of making it possible for countries who wish and need to integrate their arrangements more closely to do so freely while at the same time preserving the things that are of enormous value in the Europe of 27 member states—or indeed 28, as I am happy to say it will be in a few days' time. A start has been made on that through the negotiations on the creation of the single supervisory mechanism but a great deal of work still has to be done. How can we more closely integrate a currency union while at the same time preserving the integrity of a single market, particularly in financial services, and asserting the duty of the European institutions to speak for the interests of every member state, not a particular subset?

On democratic legitimacy, we are all too aware of the sense of disaffection in the United Kingdom with the EU and European decisions. That phenomenon is seen around Europe, too. Last year, a third of French voters supported Madame Le Pen and Monsieur Mélenchon in the first round of the presidential elections; the Five Star Movement played a pivotal role in the Italian election results; Syriza harnessed a genuine public grievance against the EU, among many other things, to displace the main centre-left force in Greek politics; and, much more worrying, we have seen, in the form of Jobbik and Golden Dawn, the re-emergence of political trends that we hoped had been buried for good in this continent.

Europe needs to think hard about how to make its decisions more democratically accountable. As the Prime Minister has set out and as the Foreign Secretary and I have tried to say in more recent speeches, we believe that how that is addressed is chiefly, but not solely, through a reassertion of the role of the European Council and the Council of Ministers among the institutions and, critically, a more important role for national Parliaments in holding European decisions to account.

The Convener: Thank you very much, minister. Many questions flow from that. I will open by asking about the devolution unit, which is a new entity in the Foreign and Commonwealth Office. What is its function? How does it work across all the devolved competencies? Perhaps Annie McGee can provide that information.

David Lidington: Annie McGee is the unit's operational head, so she is probably best placed to talk you through the detail.

Annie McGee (Foreign and Commonwealth Office): Our devolution unit has been in operation since September last year. I head the unit and lead a small team. Our focus is on working with the Scottish Government, the Welsh Government and the Northern Ireland Executive on their foreign policy interests in particular. I make sure that visits overseas run smoothly and that there is the utmost co-operation with our posts; I also liaise closely with colleagues in territorial offices. We work with colleagues in the Scottish Government, the Welsh Government, the Northern Ireland Executive and the territorial offices, and with other colleagues overseas, to ensure that areas of interest are explored as they should be.

The Convener: Thanks for that.

Minister, when you were at the committee last year, you suggested ways of strengthening communications and joint working across all the devolved nations in the UK. Is the devolution unit a response to that, or does it have a wider remit and agenda?

David Lidington: It is partly but not wholly a response to that. This is work in progress. We are building a working culture between the United Kingdom Government and the devolved Administrations in which we co-operate effectively on European policy, while acknowledging that there will be political differences between the elected leaders on various issues.

We have seen that there is a need in the FCO to have a small co-ordinating function. Although the Foreign Secretary, as chair of the Cabinet's European affairs committee, and I, in my role as Minister for Europe, do not have the lead policy role on absolutely every EU dossier, we have an overarching responsibility to Parliament and the country for the conduct of our European policies. From time to time, it is our job as a department to go to other departments in Whitehall to ask them if they have considered whether their approach affects what the Government is doing elsewhere on the European agenda, whether they are pitching their arguments in the most Europe-friendly way, and whether they have thought about talking to a member state Government, seeing particular MEPs and so on. The unit that Annie McGee heads gives a bit more focused support to that co-ordination role, particularly with regard to the interests of the devolved Administrations.

When any UK minister submits a proposed negotiating position for a new directive or regulation to the Cabinet's European affairs committee, he or she is required to state as part of the list of checks what the interests of the

devolved Administrations are—if any—and whether there are particular problems or challenges. Annie McGee's unit can keep an eye on that and whether the job is being done effectively. It can support Foreign Office ministers in our role as chairs of joint ministerial committee on Europe meetings and the like and, indeed, ensure that we are co-ordinated in supporting devolved Administration ministers or officials when they are engaged in other countries. I think that the First Minister is going out to Beijing later this year. Our embassy in Beijing is well geared up for that—there is a very good team there—but having a small central team is quite useful if we are talking about a Scottish or Northern Ireland minister going to a smaller post that has less experience.

The Convener: Will a strand or thread of the work in progress that you mentioned include consideration of Scotland's future as we look forward to the referendum?

David Lidington: We are certainly feeding into the exercise that the Scotland Office and the Deputy Prime Minister have been leading, on the UK Government's approach to the referendum. As members know, a series of papers or studies is being published that sets out the United Kingdom Government's analysis, based on legal and academic advice, and our considered opinions. Foreign Office officials have been very much engaged in what has been published on implications for foreign policy and membership of international organisations.

The Convener: Okay. Thank you very much.

Members will now ask questions. We have many areas to cover, so we will try to be as succinct as possible to cover as many of them as possible.

Helen Eadie: I will try to be very brief.

Good morning, minister. It is nice to have you here.

Scots would claim that they have a very strong belief in having friendships and extending the hand of friendship to all parts of the world. We do a lot of work with Malawi in particular; that has been at the forefront of the work.

Bulgaria is undoubtedly one of the poorest parts of Europe, followed by Romania, among other countries. We set up a friends of Europe meeting on Tuesday night in this very room, which Jamie McGrigor and other MSPs attended, and one of the issues that came up was why there are not more direct air links to Scotland. Currently, Scots have to go to places via Luton, Stansted or Heathrow. Your Government is busy trying to set up a third runway at Heathrow, but many of us here would say, "No, we don't want that; we want

more direct airport connections.” The British ambassador in Bulgaria is doing a tremendous job, but people in Scotland would like many more direct air links. What will your Government do about that?

David Lidington: I have a lot of sympathy with that view. As the Minister of State for Europe, I find amazingly frustrating how few direct flights there are from London to certain central and eastern European capitals. It takes me the best part of the day to go to the Baltic states or parts of the Balkans, as I have to change at Munich, Frankfurt or somewhere else. One wants to spend a limited number of minutes looking at the Moomin shop in Helsinki while in transit.

However, at the end of the day, such decisions are commercial. Over time, the trend has been towards more direct flights from Edinburgh and Glasgow to European destinations. It has been the low-cost airlines, such as easyJet and Wizz Air, that have tended to open up the new routes. I have flown from Luton to Gdansk on a couple of occasions on planes that were full in each direction.

Helen Eadie: How can you incentivise operators? It is one thing to put massive subsidies into building new runways, but more direct help to incentivise airport operators to bring those services to the regions is quite another thing.

10:30

David Lidington: That is a matter for airlines and for airport operators—they need to decide what the right balance is between charging for available slots and what the airlines think that they can recover by way of fares from their passengers. It is a commercial decision.

When it comes to promotional activity, tourism and transport are devolved matters, so some instruments are in the hands of this Parliament and the Scottish Government. Since the development of a single market in aviation, there has been a significant reduction in internal airfares within Europe. That has helped the development of new routes.

I am sure that my Department for Transport colleagues could identify additional areas where further liberalisation could help to drive that further. I am certainly a sceptic about state aid for flag-carrying airlines and so on. The way forward is to allow the low-cost airlines to respond freely to passenger demand.

Helen Eadie: To follow on from that, we have documents in front of us—work that has been done by this committee—that tell us exactly how much money is available across EU budget lines. Around €800 billion-plus is available to draw down

from Europe, and Scotland’s share of that is just over €5 billion or so.

My concern is that when it comes to such things as trans-European route networks, there is absolutely no drawdown in some parts of the UK. I believe that Westminster needs to answer for that, and I am asking you to answer. Why are you not doing more intensive work to draw down some of the money that is available within Europe?

We have had massive redundancies here in Scotland. The European globalisation adjustment fund could have been used in the case of Halls of Broxburn, but we were told that the Government at Westminster has its reasons for not drawing down money from that fund. We are talking about in excess of €500 million, from which money could have been drawn down for Scotland’s benefit, but you are not drawing down any of that money. You are always going on about the shortage of public money, but we could get pound-for-pound matched funding. It seems that the efforts of the Westminster Parliament, on behalf of the member state, are really lacking in that regard. Can you answer my question?

David Lidington: Of course, the new financial framework for the next seven years is, I hope, in the final stages of negotiation now. That will include an overall increase—despite a welcome cut in the framework sums—for trans-European infrastructure programmes. However, the trans-European networks pay only a relatively small percentage of the costs involved. The costs that are funded by member states have to be met out of money that is taken from taxpayers and, in our case, we are looking—unavoidably—at a situation in which the Government at Westminster has inherited a very large level of structural deficit that it has to address. That—

Helen Eadie: Minister, I am sorry to interrupt—

David Lidington: Can I just finish—

Helen Eadie: No. I am sorry to interrupt, but we are talking about €28 billion for broadband across the whole of Europe. The Westminster Government has drawn down only £375 million. Why is it that, when €28 billion has been available up to now, you have drawn down only £375 million?

The Convener: Sorry, minister. We are privileged to have those figures in front of us—it was a piece of work that the committee did earlier. It would be helpful if you could answer. If you cannot do so right now, we will be happy to take some follow-up evidence from you later.

David Lidington: Perhaps the central point is that those are detailed figures that, in Westminster and Whitehall terms, involve other departments as regards the lead policy issues. If I consult those

departments I could then perhaps write to you with a more detailed reply.

Helen Eadie: The key point is that massive amounts of funding are available across Europe—in excess of €800 billion—but the United Kingdom is drawing down so little. I want to hear whether you are willing to put more effort into drawing down that funding.

David Lidington: I will take up those points with the relevant ministers.

Jamie McGrigor: Welcome, minister. Following the Irish presidency's agreement over the MAFF €960 billion budget, the UK Government announced how the structural funds for the UK will be allocated across the four nations of England, Scotland, Wales and Northern Ireland. The UK Government has decided to use its own formula rather than the European one, luckily—it seems—because in financial terms its formula is much more beneficial to Scotland in particular than the EU formula. Can you comment on that? If it is more beneficial to Scotland, could we use the UK formula more often?

David Lidington: We announced the indicative structural funds allocation across the UK in March this year. Of course, I have to emphasise that the figures are indicative until the MAFF and the accompanying regulations have been finally agreed. When we looked at how different parts of the UK would be affected by the application of the EU formula to the overall MAFF indicative figures, we found that they would have given Scotland a cut of 22 per cent compared with the current framework. We did not think that that was right, and Michael Moore and David Mundell fought Scotland's corner hard in the internal Government discussions in Whitehall while the other territorial ministers had their say. The outcome was a decision to apply a 5 per cent cut to the overall allocations for each of the four countries in the United Kingdom. Overall, we thought that that was a just compromise outcome.

We are now looking at how that 5 per cent cut and the indicative sum for Scotland should be applied across Scotland. Unfortunately, I cannot give the committee the answers today, but I can say that on the order paper for the House of Commons this morning there is notice of a written ministerial statement by the Treasury, which should be published later today and which ought to set out the figures. I therefore suggest to the committee that the figures will be available very soon.

Jamie McGrigor: Thank you very much.

My colleague Helen Eadie mentioned broadband. I noticed in a paper that the committee received previously that the allocation of funds from Europe for broadband had been severely cut.

Forgive me for mentioning my own region of the Highlands and Islands, but broadband is a vital issue for that area—in fact, I would have thought that the issue was vital to all rural parts of the UK—in order to get growth going. Will you please try and get more money for broadband for the regions?

David Lidington: Overall, UK taxpayers are investing more than £0.5 billion in broadband, including of course in Scotland. The point that Mr McGrigor makes is well understood. Certainly, I can see that broadband is particularly important for the rural and Highland areas of Scotland. I will make sure that that point goes back to my colleagues in the Department for Culture, Media and Sport and the Department for Business, Innovation and Skills.

Roderick Campbell: Good morning, minister. A previous Conservative Prime Minister said that he wanted the United Kingdom to be at the heart of Europe. In the light of the reform agenda, is that still a tenable objective for the Government?

David Lidington: The straightforward answer is, "Yes." We have Prime Minister Cameron and Chancellor Merkel working very closely to ensure the successful launch of the trade negotiations with the United States and the successful conclusion, during the lifetime of the current UK Government, of EU free-trade deals with South Korea and Singapore. Last year, there was a shift to a new default position of exempting microbusinesses from new EU regulations and, this year, long-overdue changes to the common fisheries policy have been agreed. There has also been an unprecedented cut in the multi-annual financial framework—it is the first time that the EU has ever made such a cut. All those things show that the UK's influence is still very much being felt.

I will not pretend that there is unanimity of view among EU heads of Government about the way forward, but I have found a real appetite among my counterparts and their Prime Ministers for a serious debate about the future of Europe.

Last week, the Dutch Government published what it termed an inventory of competencies—its own internal review of the current balance of competencies—which said that it thought that the era of ever-closer union was over. Chancellor Merkel has said that she thinks that the Commission initiatives are sometimes too intrusive and detailed and that she does not want more of that sort of intrusive rule making. When I was in Copenhagen earlier this year, I had an hour with the Danish Parliament's European Affairs Committee, which was launching its own inquiry into the need for a stronger role for national Parliaments in making EU decisions accountable.

Right around Europe, there is an appetite for a recognition that change is certain. We must try to help to shape that debate.

Roderick Campbell: Can you expand on or clarify the UK Government's intention behind its review of competencies?

David Lidington: Yes. The intention is to provide the opportunity for business, the devolved Administrations and other interest groups in our society to comment and submit evidence—subject area by subject area—on every aspect of European Union activity, with a view to the Government compiling a set of reports that will set out what that evidence shows. Those reports will not produce policy recommendations; it will be for political parties and others to use the evidence as a quarry from which to build their own policy positions on the basis of whatever conclusions they draw from the evidence.

I have the advantage of having seen the first six reports in draft—we hope that they will be published in the next few weeks—and I know that they resemble parliamentary select committee reports in that they are written on the basis of the available evidence and give due weight even to contentious evidence. For example, the report on taxation draws out the fact that there is a tension between, on the one hand, the interest of transnational businesses in having a set of Europe-wide arrangements on tax that makes it easier for them to plan their business and reduces transaction costs and, on the other hand, the concern of national Governments to have control over their own revenue and to insist on the principles of tax sovereignty and their accountability to national Parliaments. There is a political choice to be made, and the report flags up the fact that there are differences of interest between which politicians will eventually have to choose.

Roderick Campbell: Given what you have talked about over the past five minutes or so, is that good work possibly being undone by European reaction to the in/out referendum that the Prime Minister proposed in January?

David Lidington: Most of our European colleagues are familiar with referendums. After the Prime Minister's speech, the Irish Minister for European Affairs said that the Irish experience is that referendums focus the minds of voters on the issues concerned.

The reality is that the question mark over the UK's membership is there anyway. The way to resolve the question definitively is to put the issue to the public vote at a time when the future direction of Europe and the prospects for reform are much clearer than they are today. That is what lies behind the approach that the Prime Minister

has taken as leader of the Conservative Party—I emphasise that that element of his speech is not a coalition policy, although what he said about European reform has the full support of the entire coalition.

10:45

The Convener: Jamie McGrigor, do you want to come in with a brief supplementary on the Dutch report?

Jamie McGrigor: I want to ask about the subsidiarity report. The Dutch are obviously trying to curb EU power in certain areas without changing the treaties as such. Is there room for co-operation between your Government and the Dutch Government in trying to achieve the same ends?

David Lidington: There is very close co-operation. The Prime Minister and the Deputy Prime Minister speak regularly to Prime Minister Rutte of the Netherlands. In many of my council meetings, I find that Frans Timmermans, the Dutch Foreign Minister, lines up on the same side of the argument as me on issues to do with trade, competitiveness, control of expenditure and so on.

It has never been my contention or the Prime Minister's contention that treaty change is the only way to secure reforms. We can achieve and are achieving many beneficial reforms to the EU without treaty change. However, at some stage in the next few years, treaty change will be necessary and desirable. We should not forget that former President Barroso's report suggests that what the eurozone needs to do cannot ultimately be done without treaty change, and the fiscal compact contains in its wording the aspiration to roll the compact into the European Union treaty structure within five years. There are others who see the imperative for change.

Clare Adamson: Good morning, minister. You mentioned in your opening statement that David Cameron wants to negotiate from within the EU on what he has described as the new settlement. However, at the moment, we do not have any detail about the new settlement and what it might mean.

I appreciate what you said about the balance of competencies, but the exercise is a UK one at the moment—it is not being conducted in a pan-European way. If we want to negotiate from within the EU for a better situation for the UK, why is it so important that the UK conducts the exercise?

David Lidington: It is important that the UK conducts the exercise because, after 40 years, it is right and necessary to take a step back and conduct a considered analysis of what membership has meant for us. Consultees are

being invited to say where they think EU-level involvement has been beneficial to British interests, where it has been disadvantageous, where they would like to see more of Europe and where they might like to see less.

It is up to the people who are submitting evidence whether they want to argue for the treaties to be changed in some way or whether they think that the problem lies more with the wording of particular directives, or perhaps the propensity of the Commission to micromanage rather than to rest on the alternative approach of mutual recognition of different national standards. The balance reflected in the evidence will be different depending on which subjects we are talking about.

I hope that the exercise is a way of moving the debate in the UK towards one that is based on consideration of evidence and hard facts rather than simply the odd anecdote and the occasional horror story about what happens in the EU. It is open to other member states to contribute if they want. Some have done—the evidence and the list of people who have submitted evidence will all be published when the reports are published. Other countries are welcome to contribute. We are being very open.

The EU is a process of continuous renegotiation, dossier by dossier. I could easily spend a lot of time setting out the areas in which we seek reforms, but I will take the example of regulation. The default principle for microbusinesses was agreed last year. We are now pressing the Commission to go back through the *acquis* and to seek to apply the exemption for small businesses to existing law, not just new law.

We are also urging the Commission to act on its recently published scorecard of the top 10 most troublesome regulatory issues as identified by businesses. The Commission has come up with an interim report, which will be on the table for the European Council meeting today and tomorrow. By the autumn, we want to see a further programme of committed actions that sets out which measures the Commission will seek to withdraw or repeal to provide greater opportunities for businesses throughout Europe.

Clare Adamson: Westminster's Foreign Affairs Committee has just published its report, "The future of the European Union: UK Government policy". Recommendation 23 of that report is:

"We recommend that the Government should conduct and publish an assessment of the impact on business investment in the UK of the Prime Minister's commitment that a Conservative Government elected in the 2015 General Election would hold an 'in/out' referendum on the UK's continued EU membership by the end of 2017."

Are you in a position to tell us whether you will conduct such an assessment?

David Lidington: It is probably best if I rest on the position that, as always, we will reply to the select committee's report with a formal Government response. I think that it would be wrong of me to single out one of the committee's recommendations and to describe the answer to it without presenting the Government's response as a whole. Rightly, that should go to Mr Ottaway and his colleagues first.

Clare Adamson: Okay.

I have a final, general question. At the moment, we do not have a lot of information about the new settlement. I appreciate that you have said that further detail will come. The change in the UK's relationship with the EU is still a huge decision that, in other member states, might be subject to ratification through treaty referenda rather than being decided on solely by ministers. I have some concerns about the huge political control that UK ministers have over the future of the whole of the UK in Europe. Would you like to comment on that?

David Lidington: I regard the democratic accountability strand of European reform as being of enormous importance. We have not spelled out a detailed position on that, partly because I think that it is unwise in any political negotiation to publish in full one's negotiating position, but also because we are at the stage of trying to arouse interest in other countries, to get some traction, to see which of our ideas are most likely to command support and to have them tested and criticised.

When I was at a major conference on the future of Europe in Berlin a few weeks ago, I flagged up ideas such as strengthening the yellow card proposals, for which the Lisbon treaty provides. That is the system under which a given number of national Parliaments can trigger a review by the Commission of a particular policy initiative. I suggested that perhaps Parliaments should be given power on more grounds than just that of subsidiarity to mount such a challenge and that perhaps a certain threshold of Parliaments should be able to impose an outright block on a further Commission initiative.

A further refinement would be to make those powers retrospective and to give national Parliaments the right, at a certain trigger point, to insist that the Commission review or even initiate repeal of an existing piece of EU legislation. That would involve looking at existing as well as new legislation.

At this point, we are considering which of those ideas have some traction elsewhere, but there are also other ideas out there. Particularly in eurozone countries, people have discussed the idea of having a second chamber for the European

Parliament, composed of national parliamentarians, although there are questions about how practical that would be. In order to make progress, we will need to have support from other countries, and we need to have ideas that we have road-tested in open debate. That is how we are taking the issues forward.

The Convener: You touched briefly on subsidiarity. Last week, we had to convene an extra committee meeting to deal with an EU directive that had an explanatory memorandum that, to be honest, did not explain anything. There is an eight-week process for considering those directives, and—like the Scottish Government—we received it six weeks and four days into that process, which gave us a limited amount of time in which to deal with it.

A cynical person might say that, given the topic of the directive—it was about the free movement of workers across Europe—and the negative rhetoric that we hear in some areas of Westminster on that issue, the subsidiarity concerns that were raised with the devolved Parliaments were bogus and were part of a delaying tactic that was deployed to prevent the directive from being dealt with. We have written to a number of our colleagues in the House of Lords and the House of Commons, and they have raised their own concerns.

Do you think that the timing in that process met the requirements of good practice? We were given 10 days to deal with the situation. The fact that we were presented with the instrument six weeks and four days into an eight-week period created some difficulties for this Parliament and, no doubt, our colleagues across Ireland and Wales. We hope that you can enlighten us—in a way that will reduce our cynicism—about why that particular directive was treated in such a manner.

David Lidington: I am always on the lookout for ways in which we can improve further our performance on scrutiny. With the best will in the world, in any system there will be times when things are not handled as expeditiously as they ought to be. It would be wrong of me to comment on this case without knowing all the details. However, from my own experience, I know that there have been mess-ups from time to time. Sometimes I or my officials have intervened and told departments that they need to sharpen up their work. I promise you that Lord Boswell and Mr Cash—the chairs of the relevant Westminster committees—are extremely sharp about reminding UK Government departments to do their jobs effectively.

On the whole, the system works reasonably well. Because we have one of the most rigorous systems of scrutiny in the EU, these things sometimes take time. Sometimes, things come out

of the Brussels process quite late—a meeting runs into the small hours, changes are made and the final text is suddenly issued, at which point the limited period of time in which scrutiny must take place begins.

There is also a particular issue around justice and home affairs measures. The three-month time limit that we have for the UK to decide whether to opt in is set by treaty. There is no flexibility around that, so things such as parliamentary recesses are a problem, as is the fact that UK Parliament and devolved Parliament recesses do not necessarily occur at the same time. Those issues are just matters that we have to manage, because there is no way around the time limits.

I am always on the lookout for ways in which to improve things. I have suggested that the departmental select committees in Westminster try to look ahead rather more and that, in relation to a Commission work programme white paper or green paper, they might want to have an inquiry before we get to the point at which a draft directive or regulation is issued, which comes after a degree of political investment has already been made in the compromise that the text represents, and is when the formal legislative process begins. That would be one way of improving things.

11:00

We are trying to address the issue through the JMCE. We have an item on the agenda at every meeting called horizon scan, which I have talked to your minister, Fiona Hyslop, and the other devolved ministers about. If it works the way that I think we would all like it to work, it will help us to better identify the issues that are going to be particularly politically significant to our respective Parliaments, and to highlight them early on so that everybody will be on the lookout and be able to think about them before the text is tabled.

The Convener: That is all very welcome. The particular issue with the explanatory memorandum that came to us is that, when we sought clarification on what the issue of subsidiarity was, nobody could give us it. When the draft was issued at the beginning of the process, the Scottish Government was given half a day to deal with it. No subsidiarity concerns were raised at that point, but they were raised much later with no clarification on what they were. Last week, our committee had to deliver a report that said that we did not have enough information to make a decision and that therefore we thought that there were no subsidiarity concerns.

Although what you are saying about improving the process is welcome, some drilling down has to be done into where subsidiarity concerns are raised and what they actually mean, because no

one in any Westminster department could give us the information to allow us to make a proper judgment on them. Those are the terms in which I have written to Lord Boswell and Bill Cash.

Helen Eadie: I support you absolutely on that, convener. May I ask a different question?

The Convener: I am anxious that other members have not—

Helen Eadie: If I may, I will just make a point about cynicism and the fact that we are possibly talking about eastern European countries here. We know that a debate is taking place at Westminster. I hope that you appreciate, minister, that we do not have the same attitude: we have a much more welcoming attitude. We look forward to the talents and skills of eastern Europeans coming to this country. I hope that you understand that Scotland is a very welcoming country, and we do not believe that a flood of eastern Europeans will come at the end of 2013.

David Lidington: I was advised that there was a discussion that had to be resolved in Whitehall on which department had the policy lead on the directive and that that accounted for some of the delay. This is not a case in which it is justified to say that there was a conspiracy; it was more a question of trying to sort out who had the lead.

I will feed back your comments, convener, about the subsidiarity question and that the committee was unable to get a clear response. I do not know all the detail of the internal discussions that took place between the lead departments but, when it comes to questions to do with the detail of freedom of movement, we take the subsidiarity principle as meaning that national Governments should have a fair amount of freedom on how they implement the principle of freedom of movement.

In particular, the treaty makes it clear that social security systems remain a matter for national competence, not EU competence. Where there is an interplay between the rights of freedom of movement and eligibility for social security payments, we start to have an overlapping of EU competence on one issue and national competence on the other. We think that the principle of subsidiarity is relevant in that context. However, I will report back to the two departments your concerns.

The Convener: That would be very welcome. I think that the social security issue will be tested in court, so I hope that we will get a definitive answer on that.

Hanzala Malik: Good morning and welcome to a warm Scotland, minister. I will stay warm and say that I must endorse Helen Eadie's comments about the UK not getting all the funding that we

could get. That has been an important element of this discussion; I look forward to the response.

I want to bring to your attention the growth of illegal Governments in European Union countries. The stark example is Greece, where there has been a change in Government without any election having taken place. We have accepted that Government, and Greece continues to be a member of the EU. Having dealt with a lot of Commonwealth countries, I know that we have expelled or suspended some of them for far lesser deeds, but we have allowed Greece—and, for a while, Italy—to remain in the EU despite their not having duly elected Governments. What is the Government position on that? We consider democracy to be very important—indeed, we champion its cause around the world—but we are letting ourselves down in the heart of Europe.

David Lidington: I am always cautious about commenting on the detail of political arrangements in other democracies, but I have to gently challenge your comments about Greece. Greece has a written constitution that lays down the procedure to be followed in the event of a Government resigning or losing a vote of confidence in Parliament. Last year, it had two elections in quick succession, neither of which produced an outcome that led to an obviously stable coalition arrangement; indeed, it has been very difficult for the Greeks to put a coalition in place. However, having watched Greek politics over the past year, I have seen the Governments in Athens going to their Parliament and getting approval for the various budgetary decisions that they have wanted to take on cuts in spending, pensions and so on.

The same is true in Italy. It is true that Mr Berlusconi resigned and was replaced by Mr Monti without a general election, but my understanding is that that was done within the rules in Italy's constitution. Moreover, when he was Prime Minister, Mr Monti could govern only by getting laws through Parliament and by being able to count, if it came to it, on a vote of confidence in Parliament.

The political truth is that the main centre-left and centre-right groupings in the Italian Parliament considered that it was not in their interests precipitately to bring down the Monti Government, because they felt that the electorate would probably punish them for it. In its earlier months, in particular, Mr Monti's Government had very high approval ratings in all the Italian opinion polls. Such countries' systems might be different to our own, but we have to respect their constitutional arrangements.

Hanzala Malik: Those countries might have different standards of democracy, but they are part of Europe and as a result have greater

responsibility. We, as their Europe colleagues, have responsibilities to support them in overcoming those difficulties and in not allowing them to have Governments that are not truly representative of their people.

I realise that it would be unfair of me to press you for an answer to that, minister, but I will press you for a response on visa applications from overseas students coming to the UK—in particular, to Scotland. As convener of the parliamentary cross-party group on the middle east and south Asia, I know that since the establishment of the UK Border Agency and the introduction of the new immigration rules, the number of students coming from India and Pakistan has dropped by 25 per cent, which represents a huge loss to Scotland's economy. What is your opinion of that and do you have anything in mind that might redress the situation?

David Lidington: That is an important issue, but it takes me quite a long way outside my ministerial responsibilities to matters that are very much for the Home Office and perhaps a BIS lead for Mr Willetts's area within that department.

If we look at the decisions facing the UK Government, we can see that there have been two contrasting pressures. On the one hand—I am with Mr Malik on this—we want to continue to be able to attract the brightest and best in the world. There is no doubt that being able to attract to our universities really high-powered students of all disciplines is good for the universities because they are able to charge full fees, but it is also good in terms of the soft power in the United Kingdom if those students grow up into men and women who become influential players in business or politics in their own countries and have good memories of their time in the UK.

On the other hand, there is a genuine problem over the levels of immigration—net migration—into the United Kingdom and how the United Kingdom manages its immigration system in a way that is fair to everybody and which deters abuse. We want to give opportunities to good students to come to high-quality universities, but we have all come across examples of colleges that on closer inspection have turned out to be pretty unimpressive institutions, which seem to have the word “college” on the nameplate but not much to back that up once we get inside the door and which, frankly, exploit people who come and pay fees in the hope that they are going to be students here. I think, therefore, that tightening up of college registration was important.

If we look overall at the UK's offer to international students, those who have the right qualifications, the money to pay the fees and a good level of English can study here. There is no annual impact on the numbers of such students,

who are also able to work part time and to do work placements during their studies. They can also stay on after their graduation, provided that they get a job worth £20,300 a year or more, or set up as a graduate entrepreneur. The overall number of such worldwide students coming to our universities is still on the rise.

Hanzala Malik: On the back of that, the first thing that I want to point out is that bogus colleges—I think that you were a bit shy to use that description, but I have no qualms about using it—were, in the main, not in Scotland. Secondly, the current situation means that we have had a very large cut in our student revenue.

The third thing that I want to suggest is that many students who do not come here are now going to nations that are friendly to us, including America, Canada, Australia and New Zealand, which are no different to us. What I am really suggesting is that perhaps you would consider Scotland as a special case and reintroduce the fresh talent initiative in Scotland. In terms of immigration, I have known some of our colleges and universities to go out to various countries and work very hard to encourage students to come to the United Kingdom, and to Scotland in particular, only for immigration officers to say that the students have not been shopping around. To be quite frank, I am not keen for them to be shopping around, because I want them to come here—this should be their first and last choice of destination for education.

We have a very rich history of education. We are a nation that is drug free and weapon free. We are very bilingual as a country, we have various religions and cultures, and we have more than 150 ethnic communities in Scotland. We are therefore an ideal destination for a student community, but we are being hampered by the UK's visa and immigration policies. We need your support to try to change that. I would very much welcome a statement from you that would encourage that student population to turn to Scotland as a destination.

11:15

David Lidington: I am keen for the best students from around the world to come to the United Kingdom, whether they come to Scotland, England, Wales or Northern Ireland. I am not going to single out any part of the UK. I do not blame any member of the Scottish Parliament for wanting to put Scotland first. That is your job—I completely understand that.

In the US and Canada, which Mr Malik talked about, similar debates to those that we are having are going on about the tension between migration

and the need to attract students from around the world.

We should put ourselves in a would-be international student's shoes. The complexity or simplicity of a country's immigration system might be an element in their consideration, but I question whether that would be top of their list. Students will be considering what courses are like and whether the teachers under whom they hope to study have a global reputation. Science students will be thinking about the quality of the laboratories and research facilities that are available. Students also want to know what the country is like to live in. They consider a number of factors.

Scotland and the UK as a whole must continue to make the case for our having a really good higher education sector, which can offer fantastic courses, under inspiring teachers, for the highest-calibre students.

Hanzala Malik: Universities and colleges can offer courses only if they have the finance to do so. A cut of up to 25 per cent in student intake will affect institutions' ability to deliver courses that are required by overseas and indigenous students. We are hurting our indigenous student population as well as hurting the business case that is being made to attract students from overseas. I appreciate that your responsibility is across the board, but I suggest that helping us to get students into Scotland would support you in the execution of your duties.

David Lidington: I think that you heard from Mr Willetts earlier this year—or perhaps last year; he certainly gave evidence to one of the committees of the Scottish Parliament. He would be best placed to respond in detail to your comments.

I simply observe that other countries—Mr Malik referred to the US—do not look predominantly to state funding to provide their courses. I am not saying that we should copy such systems; I am saying simply that it is not proven that the attractiveness of a university course depends on the level of state funding in any particular year.

The Convener: I offer a wee anecdote, for information rather than in expectation of comment, because it demonstrates clearly the lack of understanding of immigration needs in Scotland. In a recent visit to a local authority in Scotland, one of your Cabinet colleagues—I will spare their blushes and not name them—asked officials, clearly from a negative viewpoint, what challenges they had with immigration. An official replied, "Not enough people are coming." We face different challenges. Mr Malik's plea for Scotland to be a special case, because we do not have enough people coming here to work, should be taken into consideration.

David Lidington: Of course, the next round of the balance of competences review, which is now open for evidence, includes freedom of movement and, I think, education. There is an open invitation to this committee, or to the Scottish Parliament as a whole, to submit evidence to the review.

The Convener: We are way ahead of you on that one.

Willie Coffey: Good morning, minister. I will pick up on some of your earlier remarks in response to a discussion on the independence referendum. You mentioned that your Government has prepared various papers on the basis of legal advice. Will you clarify whether that is advice offered freely by legal advisers or whether it is underpinned by your law officers and, if that is the case, whether you are willing and able to publish it?

David Lidington: That is a good try by Mr Coffey, but it has been the practice of successive British Governments never to comment on whether we have had advice from the law officers, and not to publish advice.

Willie Coffey: That is very helpful. It chimes with what the Scottish Government has been saying for quite some time, so we are at one on that.

You offered three main reasons for Prime Minister Cameron's attempt to renegotiate the treaty: competitiveness, flexibility and democratic legitimacy. Are you telling us that the United Kingdom Government's position is that, unless progress is made on all three of those areas—I would like to hear your views on what such progress might be—the United Kingdom would recommend leaving the European Union and taking Scotland with it, largely against the wishes of the Scottish people?

David Lidington: I am sorry if I was not clear enough in my earlier comments.

The coalition believes that the European Union needs profound reform, which should focus on competitiveness, flexibility and democratic accountability. David Cameron, as Conservative Party leader, believes that elements of those reforms should be entrenched, in the form of treaty change. He will include such a commitment in his manifesto in 2015, but it has never been his view—and it is not the Government's view—that we have to wait until 2015 to start on EU reform or that we cannot achieve a lot without, or ahead of, treaty change.

A huge amount could be achieved without treaty change. As I think I said earlier, most of what we want to achieve on competitiveness—trade, extending the single market, particularly in services, and smarter and less expensive

regulation—could be done without treaty change, although I could see the advantage of treaty changes on matters that would in some way limit the European Commission's being so very detailed in some legislative proposals. I talk to colleagues in other European countries who share my exasperation about what comes out of Brussels, and say that it does not have to be as detailed as it is and that subsidiarity and proportionality are not being properly observed. Can that be addressed without treaty change? Would treaty change cement it more? That is the sort of discussion that we are starting to have.

On democratic accountability, it would be possible for the Commission and other institutions to agree on working practices—the Dutch have suggested a couple of ways in which this might be done—that would in effect allow national Parliaments to impose a stronger brake on EU initiatives without changing the rules in the treaty. However, we would be relying on good will. If something were just a working practice, it could not be enforced ultimately in the European Court of Justice; a treaty change would be needed to entrench it. Certainly, if a new institution—for example, a second chamber of the European Parliament—were to be set up, a separate treaty would clearly be needed for that.

On flexibility, at the moment we are going dossier by dossier. We have a good compromise on the single supervisory mechanism. We had agreement two weeks ago in the negotiations on the markets in financial instruments directive that the principle of non-discrimination on the ground of currency should govern how the European Banking Authority operates. Again, that is welcome.

In part, however, this takes us back to the argument of December 2011, which is that if our colleagues in the euro zone want to write into the treaties a requirement for the EU's aims and objectives in effect to include stability and cohesion of the euro zone, we would want to ensure that that was balanced by something that would protect the integrity of the single market and ensure that it was not distorted by the need to accommodate a new euro-zone priority. That was the argument from which came, ultimately, the failure to agree at the December 2011 European Council.

In part, the extent to which one would need treaty changes will depend upon the extent to which we can confidently deliver results through other means. At this stage, it is too early to be certain of exactly how far one would want to take the treaty-change agenda. That is something that the Prime Minister, in his party capacity, will want to consider very actively over the next year and a half.

Willie Coffey: Thank you for that. Two of your Cabinet colleagues have said that, if there was a referendum today, they would vote to leave the European Union. In the absence of the progress that you have described in the three key themes, what would your position be?

David Lidington: You have to be an optimist in this job. My judgment is that our national interest is best served by membership of the European Union, but unless the European Union undertakes some pretty far-reaching reforms, it will be of declining economic importance in the world. It will be less able to deliver high living standards and public services to citizens and it will become a less cohesive, more quarrelsome and less reputable multinational organisation.

We need reform, and I believe—from my conversations with my counterparts—that there is growing recognition of that around Europe. I repeat that with a multi-annual financial framework cut, common fisheries policy reform and exemption from regulations for microbusinesses, we are seeing evidence of progress. It is not enough, but it should encourage us that we can win such battles.

Willie Coffey: You will no doubt be aware that the two great nations of Scotland and England will meet in August to play a football match. The first of such matches was played in 1872 in Glasgow. You may have heard the beautiful piping from the Palace of Holyroodhouse this morning. You may also be aware that the English Football Association proposes to ban bagpipes from Wembley stadium. Could we ask you to act on our behalf and use whatever influence you have to ensure that the English FA does not introduce that ban and that members of the tartan army will be welcome to bring their bagpipes to Wembley to celebrate the occasion?

David Lidington: That is a completely new one on me. I think that my influence over the English FA is limited in the extreme. I am astonished by what Mr Coffey is telling me and I have no idea what the rationale is for that. I will have a word with the Minister of State for Sports and Tourism about that. My understanding is that Her Majesty the Queen likes to be woken by bagpipes every morning, whether in Holyrood or Buckingham palace. I would have thought that what is good enough for the Queen ought to be good enough for the FA.

11:30

Willie Coffey: Excellent.

The Convener: A brief final comment on that is that the FA may have shifted a tiny bit on the issue, as it might not ban bagpipes but might

instead charge for their use, which is even more ludicrous, so any intervention would be great.

We have no time left at all.

Helen Eadie: I have a brief question, convener.

The Convener: Please be brief. We really need to close the meeting now, as we are in the last few seconds of the allotted time.

Helen Eadie: I realise that the minister might not be able to answer my question, but I would appreciate it if he could speak to his colleagues.

When the committee conducted an inquiry on the China plan, we visited a company called Todd & Duncan Ltd, which is a textiles manufacturer. It has an on-going concern that the tariffs that are imposed on Scottish products in China are an impediment to the competitiveness of Scottish businesses in the Chinese market. The existence of a 16 per cent tax rebate, which is made available to all Chinese exporters, also makes it difficult for Scottish competitors. I realise that there are two issues: the policy of the Chinese Government and the policy of your colleagues in the Department for Business, Innovation and Skills. Given that it is a trade barrier, which also affects our salmon industry, could the issue be looked at?

David Lidington: I am happy to take the matter up with the Minister of State for Trade and Investment. We are keen to see reduction and removal of trade barriers.

I argue that our missions in China are doing their very best to promote Scottish business—they will do so again soon when the First Minister visits Beijing. They certainly push Scotch whisky exports very hard. UK exports to China overall are performing strongly; they rose by just under 13 per cent during 2012. Nevertheless, we have a lot further to go. All the emerging markets present not only challenges but huge opportunities, as there are hundreds of millions of potential new customers for our goods and services. We must continue to try to reduce the barriers to free trade. That is not just in the gift of Britain or Europe—it is also about the Chinese Government's policy.

At the same time, we should never be satisfied with our performance on export investment. We must keep trying to raise our game and to encourage our businesses to raise their level of ambition. The Germans have done that very successfully with the emerging economies. If we could match the success of German business in exporting to the emerging economies, that would make a huge difference to jobs and growth in this country.

The Convener: I bring the evidence session to a conclusion as we are now running over time. I thank the minister very much for coming back to

the committee and we look forward to maintaining that engagement. I am sure that we could have gone into many other issues in great depth, but we will write to you on those. We wish you a safe trip home. I hope that you will hear the sound of bagpipes at Wembley in August.

I offer all my colleagues best wishes for a restful recess. I record the committee's thanks to our clerks, to Iain McIver from the Scottish Parliament information centre and to Sally Coyne from our press team, who have done an amazing job over the past few months, given the amount of work that we have done. I hope that they, too, have a restful recess.

Helen Eadie: We wish you the same, convener.

Clare Adamson: We should also record how well the committee's work on both planks of its remit has been received in the media. The clerks' work on that should be recognised.

The Convener: Thank you.

Meeting closed at 11:33.

Members who would like a printed copy of the *Official Report* to be forwarded to them should give notice to SPICe.

Available in e-format only. Printed Scottish Parliament documentation is published in Edinburgh by APS Group Scotland.

All documents are available on
the Scottish Parliament website at:

www.scottish.parliament.uk

For details of documents available to
order in hard copy format, please contact:
APS Scottish Parliament Publications on 0131 629 9941.

For information on the Scottish Parliament contact
Public Information on:

Telephone: 0131 348 5000
Textphone: 0800 092 7100
Email: sp.info@scottish.parliament.uk

e-format first available
ISBN 978-1-78351-471-7

Revised e-format available
ISBN 978-1-78351-487-8

Printed in Scotland by APS Group Scotland
