



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

EUROPEAN AND EXTERNAL RELATIONS COMMITTEE

Thursday 28 November 2013

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EUROPEAN AND EXTERNAL RELATIONS COMMITTEE
21st 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)

*Jamie McGrigor (Highlands and Islands) (Con)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Patricia Ferguson (Glasgow Maryhill and Springburn) (Lab) (Committee Substitute)

Ian Hudghton MEP

George Lyon MEP

Aileen McLeod (South Scotland) (SNP) (Committee Substitute)

Catherine Stihler MEP

CLERK TO THE COMMITTEE

Katy Orr

LOCATION

Committee Room 1

Scottish Parliament

European and External Relations Committee

Thursday 28 November 2013

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

Interests

The Convener (Christina McKelvie): Good morning and welcome to the 21st meeting in 2013 of the European and External Relations Committee. I make the usual request for mobile phones to be switched off. I welcome to the meeting Patricia Ferguson and Aileen McLeod, both of whom are substituting for other committee members, and I should say that we have received apologies from Roderick Campbell.

I believe that you have relevant interests to declare, Patricia.

Patricia Ferguson (Glasgow Maryhill and Springburn) (Lab): I do not believe that I have any declarable interests, but I should perhaps mention for information as much as anything else that I am one of the Parliament's members of the Committee of the Regions.

The Convener: Thank you.

Decision on Taking Business in Private

10:00

The Convener: The first item on our agenda is a decision on taking business in private. Do members agree to take in private items 4 and 5 and future discussions on a draft letter to the Cabinet Secretary for Culture and External Affairs?

Members *indicated agreement.*

European Union Strategy

10:01

The Convener: Agenda item 2 is a videoconference with our MEPs.

I welcome to this meeting of the Scottish Parliament's European and External Relations Committee Ian Hudghton MEP, who is involved in the European Parliament's Committee on Fisheries, and George Lyon MEP, who is vice-chair of the Committee on Budgets and member of the Committee on Agriculture and Rural Development. I believe that we are expecting Catherine Stihler, who is a member of the Committee on Internal Market and Consumer Protection.

George and Ian, can you hear us okay?

George Lyon MEP: Yes.

Ian Hudghton MEP: We can hear you loud and clear.

The Convener: Excellent. As we have only a very short time with you, we will go straight to questions. Recently, President Barroso said that Europe had fought back. Now that you are coming to the conclusion of the parliamentary term, do you agree with President Barroso or do you think that Europe is still fighting back?

Ian Hudghton: There is still a bit of a way to go, but there are signs that the fightback is having some effect. However, all European countries are still facing considerable challenges and all of us can contribute to that fightback.

Catherine Stihler has just arrived, so perhaps I should stop there.

The Convener: Good morning, Catherine.

George Lyon: There is no doubt that, although the euro crisis has not gone away, it has stopped getting worse—that is the best that we can say about it—because of the European Central Bank's intervention and Mario Draghi's pledge to underwrite all debt in Europe and support the currency. That action seemed to stem the markets, which were reaching the stage at which they would not lend to Italy, which is the biggest potential defaulter and the country with the biggest debt problem.

A lot of work has been going on to construct a banking union and further work has been carried out on building greater political integration; after all, as we have all discovered, a currency union in which there is no central control of individual countries' spending and borrowing is simply flawed and does not work. Indeed, that is why the euro got into such a mess. I find it interesting that

the same model has been proposed for a separate Scotland but, if you want, we can discuss that later.

The Convener: Committee members have a number of questions. Hanzala Malik is up first.

Hanzala Malik (Glasgow) (Lab): I am sorry that our technology is so fabulous, because it means that you are missing out on a wonderful sunny day in Scotland.

My question relates to George Lyon's area of interest. What do you consider to be the key rural development policy issues for Scotland in the coming year, particularly with regard to information technology and the support that Europe can lend for its roll-out in Scotland? At the moment, opportunities for trade in our rural areas are haemorrhaging away.

Catherine Stihler MEP: As I am involved in telecommunications, I am perhaps better placed to answer that question.

At the moment, we are discussing and working on the introduction of a digital single market. My committee is not only an opinion-giving committee but is responsible for consumer protection issues. With regard to the digital single market, one key area of debate is the very fragmented nature of the market in the 28 member states. If we can create a better single telecoms market, the potential for growth will be phenomenal. For example, for every two jobs that are lost, five jobs are created in the telecoms sector. However, in the next little while, we will be missing out on almost 1 million IT jobs simply because the European Union does not have the appropriate skills set. Those statistics are scary.

The key issues for my committee are how we can end roaming charges, which, as many people in Scotland know, are simply pure profit for the telecoms industry; net neutrality, which is becoming a huge debate in our committee and on which I would like to hear the Scottish Parliament's views; and contracts for mobile phones, which the European Commission has proposed should last for six months. In the UK, we have 24-month contracts, which can include hidden charges. Another key issue that will be of interest to Scottish Parliament members is spectrum policy. Of course, Governments do not want to lose the revenue that that brings, but it needs to be better co-ordinated.

The idea is to reach a deal on the issue before the Parliament goes into recess. That is ambitious, but there is certainly political will behind it. Yesterday, my committee held an initial hearing and the hope is that the Committee on Industry, Research and Energy, which is the lead committee on the matter, will reach a conclusion on a legislative proposal and that it will have a first

reading. The digital single market will be absolutely pivotal in getting us out of the crisis that George Lyon referred to through job creation and growth and we are keen to work with the Scottish Parliament in any way that we can to get the right tone in our reports.

George Lyon: On Mr Malik's specific question about rural development, the legislation has been passed and the ball is now in the Scottish Government's court in relation to how it will implement the new rural development plan for Scotland. The Government will have to make important decisions on how much money to take from direct rural development payments as a top-up and on what the overall budget will be. The final decisions on how that money will be invested and what the priority areas will be are for the Government. We await the outcome of those discussions.

I should also flag up that the European Parliament is still considering delegated acts that implement the primary legislation, but I think that we have sorted the matter out reasonably and that there are no nasties in there that one need worry about. It is now up to the Scottish Government to decide how to implement the plan and I hope that jobs and growth will be the focus of everything that it does. That certainly seems to be the big challenge.

Hanzala Malik: What Catherine Stihler said sounds like good news, but what can we in the Scottish Parliament do to support the case that you—and, I am sure, other European countries—are making for the need to roll out the IT programme in rural areas sooner rather than later and to ensure not only that our bid succeeds in that respect but that we address the various other challenges that you have brought to my attention this morning?

Catherine Stihler: If we can get it right, the digital single market is the big win. Anything that we can do to work together on that would be good. I am not hearing much about the issue. We have had a United Kingdom Government brief, which supports the principle of what is going on in the digital single market but perhaps not the practical proposals that the Commission has made. I am interested in whether the committee has a different perspective. This is a quick process. We have to put down amendments in the near future, so deadlines are tight.

On issues such as consumer protection, we all agree that we want to end roaming charges and ensure that consumers get a better deal and are not exploited. We hear some shocking stories. For example, the consumer organisation Which? gave evidence yesterday. Data is becoming the big issue and we need to ensure that people are not ripped off. Anything that the committee can do to

help us in that process would be extremely welcome.

Willie Coffey (Kilmarnock and Irvine Valley) (SNP): I am getting some confused messages from Europe. The "Brussels Bulletin" says that

"Infrastructure investment is to be significantly bolstered"

to include some work in the digital single market. However, in previous reports, we have been told that the IT infrastructure budget has been cut from €9 billion to €1 billion. Is that the case, now that the multi-annual financial framework has been agreed? Did you support that? What impact will the cut from €9 billion to €1 billion have on IT infrastructure projects in Scotland?

George Lyon: Unfortunately, the digital infrastructure budget was reduced, although the Parliament fought hard to correct that in the final deal. The good news is that research and development and overall infrastructure spending through the connecting Europe initiative has been increased. There are some big opportunities for Scotland within that. Electrification of the Glasgow-Edinburgh rail network is one of the projects that is listed in the connecting Europe initiative. The new grid interconnector off the west coast of Scotland between us and Ireland, if it goes ahead, is another project that is slated to receive funding. That is a big opportunity to harness some of the potential renewable power off the west coast of Scotland.

There is also money—

Willie Coffey: Sorry, but I am talking specifically about IT infrastructure investment in support of the digital single market. My understanding is that the budget for that has been seriously reduced.

George Lyon: That is the final outcome.

Willie Coffey: What will be the impact of that on IT infrastructure investment in Scotland, particularly in rural parts of Scotland such as the Highlands and Islands and the Borders?

George Lyon: I am not sure how much money is currently going in from Europe. I know that the UK Government has a huge investment programme in the Highlands and Islands and there is roll-out throughout the Highlands and Islands. There is certainly a long way to go, but at least there is money available to deliver on that. How much of that money is European, I do not know. Maybe you could tell me.

Willie Coffey: What I can tell you is what I am hearing from you, which is that you have slashed the IT budget from €9 billion to €1 billion. I do not see how that can advance IT infrastructure projects and the digital single market project. Can you explain that?

10:15

Ian Hudghton: In fairness, I heard George Lyon say that the European Parliament was against that reduction. Like everything else in European decision making, decisions are made jointly by a majority in the European Parliament and the majority of member state Governments. Even if we all agree on something, it does not always happen, because it has to be negotiated with the Council. In broad terms, we try to do the best that we can.

My view has generally been that, for the time being, we should take decisions at European level on broad parameters and devolve as much as we can of the decision making about how to use budgets to member states and parts thereof. That is my view not just on budgetary matters but on a whole load of things.

Now that we have got to the stage at which the MAFF has been agreed for future years, Scotland—via the UK, currently—must press to ensure that maximum use is made of any funding that would help rural development through technical infrastructure or other avenues. The UK Government has been presented with recommendations on how it is doing in relation to Europe 2020. One of them is that it should reduce debt and deficit but prioritise capital expenditure with a high economic return. I know that the Scottish Government is doing as much of that as it can, but more could be done to generate economic growth.

Jamie McGrigor (Highlands and Islands) (Con): I have a couple of questions on fisheries. The Scottish fleet has done much for conservation in the past 10 years. Will it be faced with yet more compulsory conservation measures from the EU? With the new situation regarding discards, has thought been given to what will happen to the fish that are no longer discarded?

Ian Hudghton: How much time do you have? The issue of the reform of the common fisheries policy is coming to us for a plenary vote in a couple of weeks' time, as the approval of the European Parliament is being sought for the compromise package of reform that has been agreed in the agriculture and fisheries council and, yesterday, in the Committee on Fisheries. It is likely that that package of reforms will go ahead.

From my point of view, a significant reform concerns decentralisation. Now that the broad parameters have been agreed in the form of a supposedly reformed CFP, we need the member state Governments to push the boundaries of regionalisation to the maximum. In order to get the necessary compromise, the wording in the document was a little bit woolly, so there is considerable scope for member states and fishing

nations to make use of the parts that say that member states shall be empowered to do certain things. That would include how to prepare for a discard ban or an elimination of discards, as I would prefer to call it.

It would be easy to set a date by which no discards will be allowed and all catches must be landed, but a realistic approach has to include preparation and investment in preparations that are designed to avoid unwanted catches in the first place. There is no point in having a discard ban at sea if that means that we end up with a problem onshore with unwanted catches or exceeded quotas. The area is hugely complex. Quota uplift has to be a part of it, as do technical measures, supported by the new fisheries fund. We need time in order to comply with all that.

It is quite right to say that the measures that have been voluntarily led by Scotland have shown signs of success. Therefore, it seems to me that that kind of approach should be built upon, using expertise and techniques that we know will work, because they are designed for particular fisheries.

George Lyon: Jamie McGrigor raises a fundamental point. With the best will in the world, a discard ban will mean that we end up landing the discards. In a mixed fishery, it is impossible to have no discards at all. The challenge will be how we can deal with that, how we can market that, what value it has and, therefore, what role Government has in setting up the processes by which we can deal with that.

Jamie McGrigor: Have there been any further developments with Iceland and the Faroes on the mackerel situation and the herring situation?

Catherine Stihler: Last week, I was at an interparliamentary meeting with representatives of the West Nordic Council. The Faroese were present to update us on the last round of the on-going negotiations. After I leave you today, I am going to the joint parliamentary committee with Iceland, where the issue will again be on the table. As far as I know, the negotiations are on-going but there is still no resolution. Is that your understanding?

George Lyon: Are you talking about the infraction proceedings?

Catherine Stihler: Yes, including the infraction proceedings on the Faroese. I can keep the committee updated on what is happening. At present there is a sense that there is hope, but there is still no resolution on the issue.

Ian Hudghton: Yesterday at the Committee on Fisheries, the Commissioner for Maritime Affairs and Fisheries was grilled for an hour and a half in camera, mainly on that subject. It is true that there is considerable work to be done to reach an

agreement. As the commissioner acknowledged, the only way that a solution will be found is if agreement is reached round the table.

It seems that there are some hopes—particularly with regard to Iceland and mackerel—that it may be possible to get an agreement, but the question is, at what cost? What will we have to give in order to get a compromise on Iceland's part? That is the only way that agreement can be reached.

Catherine Stihler: At the West Nordic Council meeting last week, it was suggested that the group would like to visit Edinburgh. Perhaps I could give you the details of the key organisers of that interparliamentary group, convener, and your committee could speak to it as well. That is another route for raising those issues; I do not know whether it would be helpful.

The Convener: That would be extremely helpful—the clerks will pick up that information and disseminate it to committee members, and we can work that out.

Aileen McLeod (South Scotland) (SNP): Good morning, everyone. The committee has done a lot of good work on the new €70 billion European Union horizon 2020 funding programme for research with regard to the benefits and opportunities that the programme can bring for our universities, colleges, research institutes and small and medium-sized enterprises in Scotland.

I am looking for an update on where that funding programme is just now, and when the first call for proposals will be made.

George Lyon: The legislation was voted through last week in Strasbourg, and the multi-annual financial framework budget was voted through, so the programme is now up and running and will, it is hoped, be ready to come in on 1 January. As I recall, there is some front loading of cash into the first 2014 budget year, because we passed the budget for the programme last week.

As part of that, we got an increase of approximately €200 million on the original proposal for R and D. As Aileen McLeod rightly points out, the UK—Scotland in particular—does very well out of the R and D budget. The total UK drawdown over the past FP7 programme was approximately 25 per cent of the total budget line.

There were some plans to move away from the quality criteria that govern who gets the funding to a more quantitative approach. That might have meant that the UK would lose out, because we have some of the best universities in Europe, which attract disproportionately higher levels of funding as a result. Thankfully, however, that is not happening, and the criteria are still based on qualitative rather than quantitative measures.

There is a bigger budget, and it is front loaded for 2014, so it is up to our universities and research institutes to get their bids in as soon as the programme opens and start drawing down that money.

Aileen McLeod: Thank you—I appreciate that answer. One of the three pillars within the horizon 2020 programme relates to societal challenges, which includes investment in health, demographic change and wellbeing. The funding is approximately €7.4 billion, which is one of the largest investments among all the societal challenges.

On a related matter, the University of Edinburgh is currently leading an international consortium bid to establish a European institute of innovation and technology knowledge and innovation community—KIC—in the area of healthy living and active ageing, which, if it is successful, will be financed from the new EU horizon 2020 funding programme. That bid is being pursued through our team Scotland approach with the support of NHS 24, the newly established digital health institute, Scotland Europa, Scottish Enterprise and the Scottish Government. That bid—it is called LifeKIC—is the only Scottish, UK-led KIC. To be successful, the KIC bid will require backing from both the UK Government and the Scottish Government, and a number of Scottish agencies. I wanted to flag that up to our MEPs and ask for any support that you can give to the bid.

George Lyon: We would be very happy to assist in any way possible. I visited one of the projects in Edinburgh—the Scottish centre for regenerative medicine—which has done well and is a fantastic leading-edge research facility with lots of high-paid jobs. We would be very happy to do anything that we can to help ensure that we secure the right outcome.

Clare Adamson (Central Scotland) (SNP): On the focus on SMEs and the opportunities that the horizon 2020 projects could bring to Scotland, do you get the impression that the Scottish institutes that support SMEs are gearing up for that change? When you speak to Scottish businesses, do you get the impression that SMEs have an awareness and understanding of the opportunities?

George Lyon: My impression is that many of the small companies that I visit and, indeed, the university sector are well prepared for the increased funding that is coming this year and over the next seven years. Many of the companies in the small business sector are very aware, too, of the help and support that they have had from European funding in the past. Clearly, they need to ensure that they are focused on getting their funding bids in at the right time. The money is there, so it is up to them to ensure that they bid for it. We hope that it will deliver jobs and growth for

Scotland. That is important in the current tough times.

Ian Hudghton: Scotland has a pretty good record on making maximum use of available European funding. We have a lot of expertise in business and public bodies that has helped and will help to steer people towards available funding routes. Of course, we have issues about match funding for particular types of European funding streams.

All in all, we have done pretty well but that is not to say that we could not do better if we had control over everything that is controlled by normal member countries of the European Union. However, that might be a debate that we do not have time for today.

Catherine Stihler: Yes; that is a debate for another time.

Aileen McLeod spoke about the potential of horizon 2020 and the good story that we have to tell, and Clare Adamson raised an issue about what we can do. We are always saying think small first. I think that it is true that we need more people to access funding and feel that that is a route by which they can do things. We got a breakdown of how horizon 2020 has been used previously, which showed that a lot of large organisations with capacity had benefited. To be honest, putting together a bid is a complex, difficult process. However, I think that there is potential for more opportunity for other organisations to benefit if we can tell a good story and talk about the issues.

What Aileen McLeod said about ageing and so on is absolutely right. The key issue for the whole of Europe is how we deal with an ageing population. Some of the telemedicine projects are fascinating.

As I said, I think that Clare Adamson makes a valid point. I do not know what you are doing about talking to the small business organisations that come to your committee, but perhaps you could ask them what problems they face. We could probably address that as well, so I would be very interested to hear what their experience has been and what we can do to improve the next programme.

Patricia Ferguson: Given that 2014 will be such an exciting and interesting year for us all, what do you think are the biggest challenges facing the European Union as we come to the end of this parliamentary session? It would be remiss of me not to ask you, too, whether there has been any informal commentary by your colleagues about the white paper that the Scottish Government published this week.

10:30

George Lyon: I will start with the first question, on the challenges facing the EU. The challenges that it still faces are overcoming the economic crisis, returning Europe to growth, and trying to ensure that we repair the single currency to make it fit for purpose. That is partly about how to centralise control over individual countries' borrowing and spending in the eurozone, because the huge mistake that was made at the beginning has been at the heart of the problem. The single currency was shared, but everyone then just went off and used low interest rates to borrow and spend as much as they liked. The crisis then enveloped us. That closer political integration is at the heart of trying to resolve the eurozone crisis, returning all the countries that are in the debt recovery programmes back to normality and, I hope, returning growth across Europe and doing well.

If the decision is to leave the United Kingdom, I think that the biggest challenge that we will face is to renegotiate our way back into the European Union, which is fundamental. Most of the comments that have been made here by colleagues across other member states are about the Scottish National Party Government having a pretty challenging list of demands. There are opt-outs on all the main issues that we know that the UK already has, plus another €2 billion in spending on the common agricultural policy and rural development. I do not think that any member state thinks that the negotiation will be easy or quick, given how great and challenging the demands are in the negotiations.

The renegotiation process would be long and difficult. There are, of course, huge sensitivities around Europe on the whole issue. Many other member states have the right of veto, regardless of whether article 48 or 49 of the Treaty on European Union is used—I think that it would probably be article 49. Regardless of which article is claimed to be the right one to use, every member state has a veto and will have to pass the proposal through its Parliament. That is the reality of the challenge that we will face.

It is an interesting time.

Ian Hudghton: It is indeed a fascinating time. It is, of course, a matter of negotiation from within, because when we vote yes in the referendum, we will still be part of the UK for the 18 months or so thereafter while we negotiate the settlement. Therefore, we will still be part of the European Union, and in parallel and along with the UK Government, which has signed to say that it will accept the outcome of the referendum, we can and will negotiate in Brussels on the details that we have always recognised will be required. Scotland will have to be named in the treaty. That

involves a treaty change, but that does not seem to me to be momentous or difficult. We will need to have a specified number of MEPs, but there is a formula for that.

Negotiation from within with the Edinburgh agreement fully implemented—that is, with the outcome respected by both Governments in the UK—makes the situation unique. That means that Governments and the EU as a whole will accept the outcome; I am quite certain about that. Therefore, I think that the 18-month timescale and the route that has been set out are perfectly realistic and will recognise a democratic expression of will in the ultra-democratic format of the referendum.

Catherine Stihler: I thank Patricia Ferguson for her question.

On the first part of the question, the biggest challenges are jobs, jobs, jobs; the cost of living; and an alternative to austerity across the EU. The socialist group has been involved in the relaunching Europe campaign. Obviously, there is youth unemployment across the EU; indeed, in some parts of the EU, youth unemployment is over 50 per cent, which is completely unacceptable. We cannot have a lost decade of jobs and a lost decade for our young people. That is one of the pivotal issues next year.

I think that many people feel that we have lost the social dimension in Europe. We cannot have the single market without the social dimension. That is one of the great benefits, and we must get back to that balance. Currently, people feel that relaunching Europe is the way forward.

On the question of the independence white paper and yesterday's paper on Scotland and Europe, I have tried my best to read both. I went to the Committee on Economic and Monetary Affairs where Commissioner Almunia was speaking. When I asked him about article 48 and about whether there can be exemptions on the euro and Schengen, his advice to the Scottish people was to vote no. That is on the record; we also have what the Spanish Prime Minister has said.

If article 48 is the basis on which you want to negotiate, I am pleased that after pursuing the Scottish Government for two and a half years on the question, we at last have the fact that it is a negotiation. You will require a treaty change and even under article 48, as George Lyon has said, you will need unanimity. The Spanish Prime Minister has made it very clear that he is not keen on the whole issue. However, at the end of the day it is a negotiation. The advice from Commissioner Almunia is to vote no. It will be up to the Scottish people to decide how they will vote in the referendum.

If you look at that 18-month negotiation, I do not know how you can possibly succeed in doing that in that timescale. The paper talked about Austria, Sweden and Norway. Remember that Norway decided not to join the EU. The paper says that negotiations in relation to those countries took 13 months. That was a different time. Also, to put German reunification into the paper is just a non-starter. You have to look at the situation in its entirety. It is a negotiation and you cannot predict what that negotiation will bring.

You can have a wish list but at the end of the day, my preference is to remain part of the United Kingdom and—as a large member state—part of the EU. The way to succeed in doing that is to have a Labour Government at Holyrood, a Labour Government at Westminster and, for me, sister socialist parties elected across the EU—but that is what you would expect from a Labour politician. Thank you for the question.

When it comes to next year, it is a real pity that we cannot do something in the European Parliament on, say, the Commonwealth games. I do not know whether we could do something on the Commonwealth games as part of a team Scotland approach before we finish. Yesterday we saw something on the Paralympics—there was an exhibition. I feel that sometimes we are missing some of the things that we could do. We could put aside party politics—it is great that the Commonwealth games are coming to Scotland and we need to ensure that we celebrate that. I do not know whether we can do something on that before we finish as a team of MEPs—putting aside party politics and our positions on the referendum.

Ian Hudghton: The context of the Spanish Prime Minister's remarks has to be considered. We need to bear in mind that he is running his own project fear—big style—at the moment. The points about German reunification and other examples illustrate that the EU is very adept at fixing things that arise due to democratic changes within or around the member states. I am quite certain that a democratic expression in a referendum in Scotland will result in a smooth transition as outlined in the white paper.

George Lyon: Just to finalise—

Catherine Stihler: Sorry, I have to go to the EU-Iceland joint parliamentary committee—I am speaking on economic matters in Iceland. I am so sorry that I have to leave but thank you very much for your questions. I am sure that we will catch up again soon.

The Convener: Jamie McGrigor can have a supplementary, but it needs to be quick because I know that Ian Hudghton and George Lyon have other meetings to get to.

Jamie McGrigor: Bearing in mind the drop in the broadband budget, what are the tangible and practical benefits of being in a transitional region for the Highlands and Islands?

George Lyon: It is for the Scottish Government to decide what the priorities are for investment using that budget and I do not think that the European Parliament Committee on Regional Development legislation excluded the possibility of that money being used for investing in improving broadband or information and communication technology in the Highlands. It will be up to the Scottish Government to decide how the money is spent.

The Convener: Very quickly—Hanzala Malik.

Hanzala Malik: I just want to come back to that point. It is all very well saying that the Scottish Government will find its own resource to spend on that area. That is a big ask considering that the funding from the European Union has been slashed in the way that it has. I really have to press this point to our European Union colleagues. You really need to think out of the box and advise us on how we can encourage additional resources because it is an urgent matter. We need the resource to roll out the information technology systems in that region. Our students, businesses and quality of life are suffering from a lack of communication. We must do more than simply say that a decision was made by the European Union and that we must live with it. I am looking to you to come up with some solutions. Will you work with us to see how we can assist each other in finding solutions?

George Lyon: I am very happy to do that. As I said, the budgets are set, but the Scottish Government has flexibility in how it spends the European regional and structural funds in the Highlands and Islands and other areas. Indeed, it is up to the Government to prioritise how that European money is spent, which means that there is opportunity to at least target the funding to where the greatest need is.

We were disappointed as a Parliament that the digital budget was reduced. If you look at the negotiations that took place in February, the digital budget was reduced and the CAP budget increased. That is where the money went.

Hanzala Malik: All that I am asking is that we reach out to one another. I accept the fact that the budgets have been set, but there are always fringe budgets and other projects and avenues, and we need to search and dig deep to explore those possibilities. We are willing to do that, but we need you on board to assist us in that process.

Ian Hudghton: You have agreement on that—we will do what we can.

The Convener: I know that our colleagues in Brussels have to rush off. We have managed to squeeze 10 more minutes out of you than we had anticipated, which we appreciate. Thank you very much for coming before the committee, albeit over our great videoconferencing technology. We look forward to working with you in the future. We wish you all well, whatever happens with your attempts to be re-elected in 2014.

“Brussels Bulletin”

10:41

The Convener: Item 3 is consideration of the “Brussels Bulletin”. The bulletin is included in members’ papers. This week’s copy looks pretty hefty—it includes additional papers that enhance some of the work that we have done. For example, the British-Irish Parliamentary Assembly report on human trafficking answers some of the questions that we have asked on that topic. The BIPA report on the Irish presidency of the Council of the European Union is also included.

Willie Coffey is a member of the British-Irish Parliamentary Assembly. Do you have anything to add to the reports that are attached to the bulletin?

Willie Coffey: As you say, I attend the BIPA. A piece of work that it reported on was an examination of the Irish presidency, which took place during the first six months of 2013. Ireland has considerable experience in doing such work. To its great credit, even with a budget 50 per cent lower than normal, it managed to convene more than 2,500 meetings during its term.

I asked Paschal Donohoe, who is the Irish Minister of State for European Affairs, the same question about the IT infrastructure budget that I put not long ago to our European MEP colleagues. His view was that that budget cut would likely need to be taken up by the private sector. I am not entirely comfortable that our members of the European Parliament are fully aware of what the impact of those cuts could be or the expectation that the private sector will step in to bridge that gap. Unfortunately, unlike the other two panel members, Catherine Stihler did not get the chance to answer my question on that topic.

In moving from that to the point that is made in the bulletin, I am confused about the picture that we are getting. Page 2 says that European

“Infrastructure investment is to be significantly bolstered”.

That investment includes Europe’s digital single market.

We are all over the place with this matter. On the one hand, we are getting a €9 billion to €1 billion reported reduction; on the other, we are being told that funds are being “bolstered”. I request that we get clarity on what the MAFF agreement is for such things as IT infrastructure, because it has quite an impact on how we progress the digital agenda in Scotland and throughout Europe. I know that we have raised the matter several times in the meeting, but we need clarity on where we are going with this.

10:45

Hanzala Malik: Willie Coffey is absolutely right to say that we are looking for clarity. My personal view is that when the MAFF talks about bolstering the resource, it is talking about rural areas. If that is the case, we want to tap into it. We need clarity. We need to know what resource is left and how and where it is supposed to be spent. If it is for rural areas, we are up for it and we should be up there bidding for our share to ensure that we get the programme rolled out.

The Convener: Both members have made valid points. Willie, it might be worth asking Scotland Europa for a briefing on the issue. Because the issue keeps coming back to the committee, I get the feeling that we might want to do a bit of work on it in the near future. We should also raise the issue with the Infrastructure and Capital Investment Committee; it is that committee’s patch and we want to make sure that it is not already doing any work on it, although it might have some additional information that we can use. I am happy to take that course of action.

Willie Coffey: Remember to stress that we are talking about IT infrastructure. I asked a question about it, but Mr Lyon might have picked me up incorrectly. It is not about the broader infrastructure but about broadband, connectivity and all those issues. I do not get the sense that our European colleagues are fully aware of the potential impact of the programme.

Patricia Ferguson: The problem is that two things are being conflated. George Lyon was talking about what is mentioned in the “Brussels Bulletin” about bolstering the overall infrastructure budget. Within that, there is a reduced broadband budget. Willie Coffey and Hanzala Malik are absolutely right that we need to know what money is available, what it is available for, and to where it is available. It would be interesting to get all that information; otherwise I think we are talking at cross-purposes.

The Convener: Yes, we should seek further clarity. We will be looking again at the issue in the future so let us see whether we can get clarity on some of the points that have been raised today and then the committee can decide where it wants to go with that.

Jamie McGrigor: I would like to have a bit more clarity on the tangible and practical benefits of being a transitional region. If we take broadband as an example, the area that is a transitional region is the area that is suffering the most from the lack of broadband. I would like to find out more on that. Can I get some information from research here?

The Convener: Yes, I think we can. We can also get some information from the Scottish

Government on how the transitional region is being rolled out.

Jamie McGrigor: I do not really understand the difference between an ordinary region and a transitional region, other than the fact that one is meant to get more money.

The Convener: Okay, we need to get a lot more clarity around all these points. The clerk is taking note of them all so we will get back to you.

Clare Adamson: The main point that I want to make is that I am glad to see that the MAFF has now been agreed, and it looks as though some of the ambitions and projects will go ahead.

There are two things on page 2 of the "Brussels Bulletin" that I want to raise. I am pleased to see that

"€15 billion, 40% higher than the equivalent programmes under the current funding period",

has been allocated to Erasmus. That is important because, although many students visit Scotland, we have a proud record of welcoming them, and the British Council's recent report on the perceptions of students visiting Scotland's higher education institutions was very good, we must also encourage outward visiting by our own students. We should make sure that our students are taking advantage of Erasmus's offers.

I also note that the creative Europe budget received a 9 per cent boost. I raise that because the Education and Culture Committee, on which I sit, took evidence this week on the creative industries. The film industry in particular had quite a bit to discuss. It was noted that other areas of the UK, such as Northern Ireland and Yorkshire, had been able to secure European structural funding for their film industries, but that that had not happened in Scotland previously. Both Creative Scotland and representatives of the film industry were interested in looking at that. I know that my colleague Hanzala Malik is always asking why we are not accessing all areas of European funding, so I thought that it was interesting that that issue had been raised at the committee.

Aileen McLeod: I wanted to comment on the negotiations on the common agricultural policy. I know that the new CAP is due to start in 2015, but I was disappointed by what has happened with the CAP convergence uplift of £223 million, which has come to the UK only because of Scotland's historically low level of payments per hectare and which has now been lost because of the way in which the UK did the negotiations.

Hanzala Malik: On trafficking, I wonder whether we could get hold of a report from the Olympics committee about the situation before and after the games, to see whether there are any lessons that

we can learn. I am sure that it is just a matter of making a request.

The Convener: The clerk tells me that we had written to the Scottish Government about plans for the Commonwealth games, which I know are predicated on lessons learned from the Olympic games. We can chase up that request and take things from there.

Jamie McGrigor: I note what the bulletin says about SME access to finance. It states that the European Commission's

"report on Access to Finance of SMEs ... shows that one out of three European SMEs did not get the full finance they needed in 2013."

Does that refer to what they should have got or to the total sum that they needed? I do not quite understand what that means. I am thinking back to the horizon 2020 conference, at which we heard a lot of representatives of SMEs talking. Is the bulletin referring to money that they should be getting but are not getting, or to other money that they need?

The Convener: I am not sure.

Jamie McGrigor: The bulletin does not make it clear.

The Convener: I think that it is based on feedback from SMEs that applied for funding and did not get it. I do not know the details, but perhaps it is something that we can pick up with Scotland Europa.

Jamie McGrigor: Could we do that?

The Convener: Yes. I think that we should tie that in with one of the questions that I wanted to ask, which is not in the bulletin, about the progress of the banking regulation union that is being discussed across Europe but which failed to get support in the House of Lords this week. All those issues are tied in with how we regulate banks and how we ensure that businesses get the finance that they need to generate the economic growth that we all need. In that context, the clarification that Jamie McGrigor is looking for would be quite helpful.

Patricia Ferguson: I agree with Jamie McGrigor that that paragraph does not make sense—or at least, that it is not as instructive as it could be—because it does not tell us where that money was meant to be coming from. Was it money that the businesses had hoped to get from local banks or through the EU?

I also noted that the competitiveness of enterprises and small and medium-sized enterprises programme will provide £2.3 million to SMEs to support competitiveness and to push jobs and growth, so it might be interesting to link those two things together, get clarification on the current

issues for SMEs, as identified on page 1 of the bulletin, and also find out exactly what the new programme is going to do for SMEs and how Scottish SMEs might be able to benefit from that.

The Convener: That would be a worthwhile piece of work.

If there are no further comments on the “Brussels Bulletin”, there is one final thing that I wanted to mention. It is not in the bulletin, but it is topical. I noted that David Cameron spoke yesterday about a renegotiation on the free movement of workers, which I think is an extremely dangerous line to go down and quite worrying. It comes on the back of the supposed subsidiarity issue that we had recently with the directive on the free movement of workers, and it seems as if a theme is developing. That worries me no end because some workers in my area have contacted me this week to say that they are extremely concerned. They are worried that they might no longer be allowed to work in Scotland and that they might lose their job. The potential impact on workers in Scotland of what David Cameron is proposing is a huge issue, which it would be remiss of the committee not to look into. I do not know how members feel about that. Yesterday and the day before, I noticed some of the reports on the issue.

Hanzala Malik: Surely that is a devolved matter. How would we be able to have an impact on that? I do not understand what remit we would have to overturn what central Government decided.

The Convener: You mean that it is a reserved matter. You are absolutely right, but if there is any uncertainty about whether a worker has a right to work, that will have an impact on Scottish business.

Hanzala Malik: I am not sure whether that is the case, but I would be happy for someone to look into it. I am not saying that we should not do work on the issue; I am just wondering whether we want to go down that route now, given our timetable and the business that we already have to deal with. I suggest that we wait and see how the proposal pans out. At the moment, it is in its early stages. It might not happen, because the UK Government might not have time to change the legislation, so we might be chasing a ghost. I suggest that we wait to see what legislation is introduced before we start thinking about the impact that it will have on us.

The Convener: The way I read the situation, David Cameron is to go to formal Council with his proposal in the very near future. That makes the issue pretty urgent. I am not suggesting that we do a huge piece of work on it, but I would like Scotland Europa to look at what is proposed and the possible impacts.

Clare Adamson: I hear what you say about uncertainty, which is compounded by what David Cameron has said about renegotiating the UK’s position in Europe. He specifically said that he would not let us know what the renegotiation terms would be. There is a great deal of uncertainty in that area, and I can understand that it is having an impact on workers in Scotland.

Hanzala Malik: With all due respect, there is no impact at all on us at the moment, because no such legislation has been put forward. It is only in the event that legislation is introduced that there might be an impact, so I suggest that we let things pan out, because the situation is not clear. There is no clarity whatever, and I do not think that David Cameron has the time to pass the necessary legislation. There is nothing in the air at the moment—there is no programme for action. I suggest that we err on the side of caution and wait for another couple of meetings.

The Convener: Patricia, do you have any thoughts on the matter?

Patricia Ferguson: I would like to be a bit clearer about what David Cameron is saying and what remit he has to act on his views. It may be that we should come back to the issue at our first meeting in the new year and make a call then, once we have obtained some background information.

Funnily enough, I had been going to highlight the point in the “Brussels Bulletin” about the proposed changes to the conditions of seasonal workers, which will be extremely helpful. Given that those changes relate to seasonal workers from outwith the EU, I am not sure what David Cameron’s view on them will be. That will be interesting to watch.

I think that we should come back to the issue, but I would like us to get a bit more information about it before we decide to go down a particular route.

Perhaps we should flag up to the Rural Affairs, Climate Change and Environment Committee the fact that there is to be a vote in plenary on climate and energy policy on 9 January, given that some in the European Parliament have made what are, to my mind, quite unhelpful proposals. We need to watch that.

The Convener: My proposal on the free movement of workers issue was that we should seek information, so that we can come to a judgment. Because it is a “Brussels Bulletin” issue, Scotland Europa should be our first port of call—we can get it to find out some information.

In relation to Patricia Ferguson’s suggestion about raising the vote on climate and energy policy with the Rural Affairs, Climate Change and

Environment Committee, we always agree to send the bulletin to all other committees. In some circumstances, we write directly to committees when a specific point has been raised, and we will endeavour to do that.

Are members happy for us to send the bulletin to other committees and to follow up on Patricia Ferguson's suggestion?

Members *indicated agreement.*

The Convener: I thank all the members of the public for coming along. We now move into private session.

11:00

Meeting continued in private until 11:29.

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