



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

EUROPEAN AND EXTERNAL RELATIONS COMMITTEE

Thursday 6 March 2014

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CONTENTS

	Col.
“BRUSSELS BULLETIN”	1875
GREEK PRESIDENCY OF THE COUNCIL OF THE EUROPEAN UNION	1879

EUROPEAN AND EXTERNAL RELATIONS COMMITTEE

7th Meeting 2014, 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)

*Alex Rowley (Cowdenbeath) (Lab)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Konstantinos Bikas (Ambassador of the Hellenic Republic to the United Kingdom)

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

CLERK TO THE COMMITTEE

Katy Orr

LOCATION

Committee Room 6

Scottish Parliament

European and External Relations Committee

Thursday 6 March 2014

[The Convener *opened the meeting at 10:15*]

“Brussels Bulletin”

The Convener (Christina McKelvie): Good morning and welcome to the seventh meeting of the European and External Relations Committee in 2014. I make the usual request for mobile phones and any other electronic equipment that could interfere with the broadcasting system to be switched off.

Apologies have been received from Hanzala Malik, who is still unwell. We wish him a speedy recovery. We welcome back Patricia Ferguson, who is attending in Hanzala’s place.

There are only two agenda items today, the first of which is consideration of the “Brussels Bulletin”. I invite questions, comments or requests for clarification from members.

Willie Coffey (Kilmarnock and Irvine Valley) (SNP): My attention is drawn to my favourite subject: the digital agenda. Members will see on page 5 the commentary on the €1 billion fund for connecting Europe. As we know, that sum was substantially reduced from the original intended spend of about €9 billion. I see that €150 million of that money has been earmarked specifically for broadband, while the other €850 million has been earmarked for other projects.

How does the European Union plan to improve connectivity and infrastructure with such a reduced budget? I, for one, would appreciate more detail on the whole agenda to get a wider perspective on what is happening with broadband speeds, connectivity and plans for infrastructure investment in the various member states. It is just getting a wee bit more difficult to see the broader picture.

The Convener: I suggest that we request a more detailed briefing.

Willie Coffey: That would be really helpful.

Patricia Ferguson (Glasgow Maryhill and Springburn) (Lab): The paragraph on page 3 on culture, tourism and sport, which are areas in which I have a particular interest, makes the more general point that, as the United Kingdom seems to be recognised as a leader in practice in those three areas, it

“could drive the EU agenda in”

them. Ironically, however,

“it may stand to gain less from EU action than other Member States.”

That is an interesting point in relation to other areas of interest in Europe, and it is worth noting and perhaps considering in the future.

Willie Coffey is right to continue to pursue his particular interest. I thought that he might be interested to know that Glasgow will shortly become a free wi-fi city, which shows that initiatives can come from many places. Perhaps we need to take a broader look at such things. Another committee—I think that it might be the Infrastructure and Capital Investment Committee—is currently looking at the subject, and it might be useful to have a dialogue with it.

Roderick Campbell (North East Fife) (SNP): In the section on civil judicial co-operation, the “Brussels Bulletin” suggests that the European small claims procedure was

“not well known or used.”

That is probably right. I would not mind knowing a bit more about that procedure myself.

The Convener: What page is that on?

Roderick Campbell: It is on page 3. The paragraph starts, “On civil judicial cooperation”.

The Convener: Would you like that point noted, or do you want some further information on it?

Roderick Campbell: I would not mind getting some brief information on it.

The Convener: Okay—we can do that.

Jamie McGrigor (Highlands and Islands) (Con): The “News in brief” section contains a paragraph headed “Renewable Energy Subsidies” that begins, “Several Member States”. On page 4 of the bulletin, where the heading is repeated, it says that

“Several Member States are seeking the revision of the European Commission’s draft guidelines on state aid to the energy sector”,

and then mentions that the group of member states

“includes the UK, Germany, Denmark, the Netherlands and France”.

Obviously, those countries have been member states for a very long time. Would it be possible to get further information on what the perceived difficulties are? I think that the issue is important, but the bulletin does not tell us why that group of member states is upset about it.

The Convener: Page 5 of the bulletin contains some bullet points on issues that might be of concern. However, more detail on those would be helpful.

Jamie McGrigor: It would be for me.

Clare Adamson (Central Scotland) (SNP): Following my colleague Willie Coffey's comments about the digital agenda, I note that in the "Education, Youth, Culture and Sport Council" section, the bulletin mentions

"the incorporation of digital forms of learning into mainstream education".

If we are going to have a further briefing on digital issues, I would like to hear a bit about social inclusion and how we combat the difficulties that are experienced in rural areas. For example, the bulletin says that

"one in four cannot make full use of a computer."

That might be more to do with the impact of poverty on digital inclusion.

The Convener: That ties in nicely with Citizens Advice Scotland's on-going investigation into digital exclusion. This is happening not just in rural areas, but to people in areas of multiple deprivation who have to claim benefits, fill in forms and so on online, but who do not have the ability to do so.

Alex Rowley (Cowdenbeath) (Lab): The page after the section headed "Employment and Social Developments" contains a list of some of the key findings of the latest employment and social developments in Europe review, one of which is that

"Jobseekers receiving unemployment benefits are more likely to get a job than those who are not."

Some of the sanctions that are part of the current welfare reforms are having an impact on people getting jobs. As I am obviously new to the committee, I do not know whether we can consider employment, particularly youth employment and youth unemployment, and the funds that are available to organisations for training and skills, but we could pick up what is in the review and other clear issues around poverty and the link with unemployment.

The Convener: In the past, we have kept an eye on the youth employment guarantee scheme, which the UK Government has not yet signed up to. It is a credible topic for the committee to consider. Although, as I have said, we have been keeping a general eye on it, we could focus on it more after we have finished with the referendum stuff.

Roderick Campbell: We have mentioned European welfare arrangements before—or at least I have done so. The "Brussels Bulletin" says that

"some Member States, such as Bulgaria ... do not have any standard safety net protection"

for the unemployed, and I wonder whether we could get an assessment of how welfare benefits across the European Union pan out.

The Convener: That might be a bit of work for the Scottish Parliament information centre; in fact, we could commission some work from it on all these topics. That information could then be fed back into the committee, and we could decide which areas to pursue. Would that be okay?

Willie Coffey: Yes.

The Convener: As there are no further comments, questions or clarifications, are members happy to make all the topics that we have discussed this morning, as well as the "Brussels Bulletin" as a whole, available to the relevant subject committees?

Members indicated agreement.

Greek Presidency of the Council of the European Union

10:24

The Convener: Agenda item 2 is the main item for today. We are going to hear from His Excellency Konstantinos Bikas, the ambassador of the Hellenic Republic to the United Kingdom, on the priorities of Greece's presidency of the Council of the European Union.

We welcome the ambassador to the committee this morning. We had a very successful reception last night. The people I spoke to certainly enjoyed themselves, and I hope that you did, too, sir.

We welcome Mrs Maria Bikas to the public gallery. We also welcome two other special guests: Mrs Melpo Papaioannou-Plevris, the honorary consul of Greece in Scotland; and Graham Blythe, head of the office of the European Commission in Scotland. We have lots of very good guests this morning.

Ambassador, I believe that you wish to make some opening remarks before we go to questions.

Konstantinos Bikas (Ambassador of the Hellenic Republic to the United Kingdom): Yes. Thank you, convener and members of the Scottish Parliament, for inviting me to speak on the priorities of the Greek presidency.

Before starting that, I want to tell you how honoured and delighted my wife Maria and I are to be here. We experienced genuine Scottish hospitality yesterday. I thank you, convener, as well as Fiona Hyslop, the cabinet secretary, for organising an excellent reception.

For a Greek coming from Athens to Scotland, there are a lot of issues that connect us. Edinburgh is the Athens of the north. Lord Byron is a major figure in Greece—he gave his life and died in Greece—so I am very honoured to be in the land of Lord Byron.

Our relationship started further in the past. St Regulus brought the relics of St Andrew here, so we have long-standing relations. We now welcome thousands of Scottish tourists to Greece every year, and I know that you welcome a lot of Greek students who come to study here in Edinburgh, Glasgow and Dundee and at other famous universities in Scotland. I am very happy and honoured to be here.

Greece has taken over the presidency of the Council of Ministers of the European Union at a time when the EU is going through a crucial transitional phase. The financial crisis was due to initial deficiencies in the architecture of the eurozone, and everybody has now accepted that.

It imposed the implementation of restrictive fiscal policies, which meant that, in order to safeguard financial stability and to allow the gradual return to sustainable public finances, policies of austerity had to be implemented.

Greece has lost around 20 per cent of its gross domestic product in the past five years. That is an enormous amount of GDP to lose to austerity.

After all those painful efforts of the Greek people, 2014 will, I hope, be the first year in which the economy expands. The economy is definitely bottoming up, but I stress again that a lot of pain and effort has been undertaken by the Greek people. We now have a primary surplus in our budget, and that has not happened for many decades. Our current account balance is positive, which is also important. That all happened because great sacrifices were made by the people, and it put a great strain on the country's social cohesion.

The extent and the intensity of the crisis, together with the level of unemployment that ensued, have shaken the confidence in EU institutions of an important segment of European citizens in the years and months before the elections to the European Parliament in May. There is also a lack of confidence in the ability of those EU institutions to design crisis-exit and return-to-growth strategies. At the same time, austere fiscal policies had a great effect on social cohesion, particularly in countries that were affected by the crisis, which were mostly on the periphery of the eurozone.

The EU's biggest challenge now is to foster growth, competitiveness and jobs in order to ensure prosperity and stability for all. The EU is called upon to safeguard financial stability through the deepening of the European monetary union to boost growth-enhancing economic policies aiming to fight unemployment, and to restore lending in the economy, particularly to small and medium-sized enterprises.

10:30

The promotion of those policies—achieving growth; combating unemployment; promoting economic and social cohesion and structural reforms; deepening the economic monetary union; and addressing external challenges—formulates the priority framework of the Hellenic presidency.

The European Parliament elections in May are another factor that sets the context of the presidency and makes it a front-loaded presidency. We must finish the legislation due before this term of the European Parliament ends.

Therefore, the main fields of action are jobs, growth and cohesion; further integration of the

European Union and the eurozone; migration, borders and mobility; and maritime policies, which is a theme that runs horizontally through the presidency's priorities.

Jobs and growth are totally interconnected. We have to strike the right balance between fiscal consolidation and growth-enhancing policies, in full alignment with the Europe 2020 strategy. Our objective is to return to sustainable public finances throughout the eurozone and Europe while promoting job-creating policies. The European Investment Bank can have a strong role, especially with regard to supporting the European Central Bank and giving liquidity to SMEs throughout Europe.

Further integration of the European Union and the eurozone is the second priority. It will be a key priority for the EU rotating presidencies over the coming years, including our Hellenic presidency and the following Italian presidency. The deepening of the new European monetary union architecture is very important so that we can restore financial liquidity and return to growth. More concretely, the promotion of banking union is a very important priority for the Greek presidency. It is of paramount importance to promote the banking union by the adoption of a piece of cornerstone legislation: the single resolution mechanism.

It is understood that there must be supervision of the major European banks. The supervision will not fail, but there are safeguards lest it does. A very important one of those is the resolution mechanism, which will identify what will happen to a bank that is about to fail: how it will be funded from special funds or, in the worst scenario, how it will be wound up. That is currently being discussed in dialogues between the European Commission, the European Parliament and the Greek presidency, and within the framework of an intergovernmental conference between the member countries of the eurozone. That is of primary importance if we do not want the mistakes of the past to be repeated and if we want to achieve the final cut between sovereign and banking debts.

Further programmes for the integration of the new eurozone and European Union economic governance mechanism will help to facilitate discussions on the establishment of the partnership for growth, jobs and competition. We must co-ordinate monetary union, with the right balance between solidity and solidarity, and we must put an end to the instability and uncertainty of the periphery. That is an on-going situation in the European Union where we see a difference between the periphery and the centre of the eurozone. The social dimension of the European monetary union is one of the pillars for its further

deepening. We have to work for an institutional structure that ensures transparency, accountability, national ownership and credibility.

The third priority is migration, borders and mobility. A continuous flow of immigration to Europe puts a burden mainly on the member states at the EU's external borders, which are also heavily affected by recession and unemployment. There are positive aspects of comprehensive migration management, and we all have to co-operate on addressing the issue and on tackling the problems that arise from illegal migration.

The fourth priority is an integrated maritime policy. We need better coherence and co-operation among EU countries on coastguard services; maritime spatial planning; a maritime transport strategy; the Adriatic and Ionian regional initiative; a maritime security strategy; coastal and maritime tourism; and seaborne migration.

I will go no further, convener, as I have set out the major priorities for the Greek presidency. I thank the committee for listening to me, and I am willing to answer any questions as well as I can.

The Convener: Thank you, ambassador—that was a comprehensive and detailed account of what is happening in Greece. I was struck by your comment that Greece will be in growth this year; that recovery will give many other countries some hope. You said that recovery was not an easy process and that there was a lot of sacrifice from the people in Greece, which has possibly reduced confidence in the EU.

Taking all that into account, how will the significance of your presidency—which is perhaps fortuitous given that Greece is now at an advanced stage of recovery—impact on the people of Greece? As you say, the social cohesion element is important. How will you use the presidency to mend the effects of some of the pressures that have been experienced?

Konstantinos Bikas: By now, all the countries in the eurozone and the EU have understood the mistakes of the past, and they are trying to implement the best methods to enable the countries on the periphery of the eurozone to come out of the crisis. That effort is focused not only on Greece but on all the countries in that area. Policies that have been undertaken in the past have perhaps not been as successful as they were expected to be, which is normal in crisis situations.

The European Central Bank and the EIB are implementing measures to help with youth employment, which is of major importance. There is €6 billion safeguarded to address youth unemployment, to be directed to areas of the EU that have been hit strongly by unemployment, and there is a great deal of discussion in the eurozone

on finding the right policies to get out of that situation.

Within the structure of the European Union the presidency has well-defined capabilities to promote the policies of the European Union, bring issues into discussion and ensure that they are addressed. It provides an impetus and an opportunity to bring up issues of importance as we are doing today. Work is undertaken collectively by all the countries either in the eurozone or in the EU—according to the case—to try to exit the crisis.

Jamie McGrigor: Your excellency, I note as a member for Highlands and Islands, which is a rural region of Scotland, that the Hellenic presidency views diversity in agriculture as important. I am very pleased about that. I also note that the presidency wishes to enhance the processing and marketing of aquaculture and fish farm products; I know that the Scottish connections with sea bass farming in your country are very strong. I am very keen on those two elements.

I welcome your proposed focus on negotiating a new transatlantic trade and investment partnership agreement with the United States and on concluding the economic trade agreement with China. We hear a lot of talk now about what are called the MINT countries: Mexico, Indonesia, Nigeria and Turkey. Will the Greek presidency consider boosting economic links with that new group of countries?

Konstantinos Bikas: I will start with your second question.

TTIP is of primary importance, and we look forward to promoting that agreement as swiftly and efficiently as possible. We believe that TTIP will bring further commerce and growth in the economies of the EU area and the United States. We will also look at finalising the relevant agreement with Canada and of course with China, which you mentioned. There is also co-operation with Japan and countries of the Mediterranean such as Egypt and Tunisia.

Of course, no country is excluded, and all the other countries that you mention are included in the presidency's belief that we must be active in and facilitate commerce with all regions of the world, which will bring common benefit. We will definitely include that in our programme and calendar. It would be too fastidious for me to go through the calendar dates now, but afterwards I can give you the draft calendar for the presidency so that you can see all the specific dates on which the issues to which you refer will be discussed.

On your first question, aquaculture is a major part of the Greek economy, as it is in Scotland, and we look forward to addressing all the important issues at the fisheries committee of the

European Union. Some of the issues are very technical—I have some papers here, but it would be better if I give them to you to read.

In building a framework for our maritime policy we view fisheries and aquaculture as a major element in growth and in creating jobs, which is important for Scotland and Greece and for many other places in the EU.

Jamie McGrigor: Thank you, your excellency. Given the severe challenges that the Greek economy has recently faced, which you mentioned, do you have any comments on the desirability of having a currency union without a full political union?

Konstantinos Bikas: Despite the difficulties and the pain from the crisis, all the opinion polls show that between 65 and 70 per cent of Greeks want the country to stay in the eurozone. We believe that a solution to the crisis will be achieved without countries having to exit the euro area.

For many reasons, that would be totally unproductive and would have dire repercussions for any country exiting. There is no way of having a structural exit strategy because there is a lot of cohesion and co-operation, and a great deal of work has been done in the euro area. In addition, there are historical and political reasons, and Greek people see their future and their prospects as part of the eurozone and the EU. The fact that, despite the sacrifice that they have undertaken, they wish to continue to stay in the eurozone shows how strongly they feel about it.

With regard to the other part of your question, there is a whole exercise being undertaken now, part of which involves a banking union. We should take into consideration the report from the four presidents of the European Council, the Eurogroup, the European Commission and the ECB, "Towards a Genuine Economic and Monetary Union", which was issued on 5 December 2012, as it is clear on the need for a deepening of the eurozone and the monetary union.

For that, we will need time. We believe, according to the current schedule, that it will be 10 years until there is complementarity in the banking union. With 30 years in the foreign service, I have had a lot to do with the European institutions and I can tell you that sometimes they do not work at the pace that many of us want. However, when there is a target they definitely move towards it. The exercise will take us to the end that we all want—a stable monetary union—but it will take some time before that is feasible.

10:45

Willie Coffey: Good morning, ambassador, and welcome to Scotland.

In your opening remarks, you talked about the financial crisis and the impact that it had on social cohesion among the people in your country. We saw that played out on our television screens from time to time, and we could see the pain and suffering of the people in Greece over what has had to be done over the past few years. Will you tell us a little more, please, about the longer-term impact on the people of Greece of unemployment, homelessness and so on? Has Greece come to rely more heavily on the voluntary sector, which I know is particularly strong in Greece?

We hope that we are coming out of the situation now. Looking forward to the recovery, do you see a relaxation of the austerity measures, particularly those that have been applied to the poorest people in Greek society?

Konstantinos Bikas: Unemployment in the periphery of the eurozone is very high, especially youth unemployment. Unemployment in Greece is around 28 per cent, and youth unemployment is more than 50 per cent. Those figures are unacceptable, as you can understand. They indicate much pain in society.

The economy is definitely bottoming up. We know from experience in economics that it takes a couple of years for household economics to catch up with macroeconomics, and this is a particularly difficult time. When people hear that the economy is doing better but do not see that in their own pockets or their own house, they become extremely frustrated. The best thing to do is to try to speed up the process as much as possible, although it will not always accelerate as much as we would like it to.

We need to help create a positive atmosphere. Last year was a record year for tourism in my country—17 million tourists visited Greece—and the indications are that this year will be even better. That creates an atmosphere and a framework in which, even if the remedies are not immediately to hand, at least people can see them and connect to a more prosperous future. At the same time, efforts must be undertaken by the banking sector. As I said, the European Investment Bank is providing funding of I think €5 billion, €6 billion or €7 billion for small and medium-sized enterprises, which are considered to be the core of the economy for ordinary people in all European economies. That funding is very important, and we expect the European Central Bank to support the European Investment Bank's effort.

According to the figures, we believe that the economy will catch up when a positive framework

has been created. In my country, when we say that we have a current account surplus, we mean that more jobs are created in export services. In the Greek economy, the main exports are shipping, which contributes around 14 or 15 per cent of GDP, and tourism, which contributes around 20 or 21 per cent of GDP. We shrank services, which was healthy in a way, due to the crisis.

We want agriculture to be more active not only in Greece but in all the countries in the periphery of the eurozone. In Greece, about 10 per cent of the population is involved in agriculture, which produces about 3 or 4 per cent of GDP. That shows an inequality that has to be adjusted macroeconomically. Of course, all that will take time.

I stress that definitely, better days are coming; definitely, Greek people have shown a tremendous resilience throughout the crisis; and definitely, this was a crisis of the periphery of the eurozone. Logically, current account surpluses in the centre of the eurozone mean current account deficits in the periphery, and trade surpluses in the centre mean trade deficits in the periphery. We hope that all the issues will be addressed and will come to a positive end.

Roderick Campbell: I will move to a slightly different subject. One of the priority areas is migration, borders and mobility. A few months ago, we saw very distressing pictures on our TVs of migrants—from north Africa in particular—trying to move into the EU. The migrants came in on very inadequate ships off the Italian coast, and there was loss of life. How is the EU now approaching the issue of migrants and asylum seekers who are trying to come into the EU, and to what extent is there movement towards a pan-European policy?

Konstantinos Bikas: Thank you for the question. It is an extremely important question for all the countries on the periphery, especially my country. One or two years ago, 100,000 illegal immigrants came into the country from the east. That is an unacceptably high number. In practical terms, it meant that we had to build a 300-bed hotel every day, day in, day out, in order to house them. Of course, you will understand that that is impossible to do. The same problems are being experienced in Italy and in Spain, so we definitely need border policies to cope with illegal migration. There is no other way to deal with it.

There is so much suffering and poverty around the world, and because the EU is regarded as a place of opportunity, people try to get into it. There is no way to deal with that other than to have a border that does not allow in people who are not legally allowed to come in. At the same time, we need to take into consideration genuine asylum

cases—cases that have to be respected according to European ideas and the European convention on human rights.

Of course, all that is very easy to say in nice phrases at headquarters level. The difficulties arise when it comes to the front line—when it comes to inadequate ships sailing from north Africa towards Italy or other places. Those journeys sometimes end with human tragedies and with human suffering. Our presidency will promote horizontal policies. As I said, maritime policy includes better co-operation at coastguard level so that, for safety reasons, we do not allow people to come within European space in that way. That is not always easy. Efforts are also being made to create policies at a European level to help illegal immigrants who reside in our countries to return to their countries of origin, which are mainly countries in Africa or in south-eastern Asia.

It is not an easy task; it is a very difficult task. It will take time—it will take many years—and it will take a lot of discussion. However, as I said before, it is impossible for any country to build a 300-bed hotel every day and to try to integrate such a huge number of people, so we look forward to the continuation of the European Commission's work on the better co-ordination of our policies.

It is a very difficult task because there is the humanitarian aspect. Everyone is human and everyone has the right to life. That humanitarian aspect is very much entangled with security, the cohesion of our cities and our countries and economic prosperity. I am afraid that there are no easy answers to such extremely difficult questions, but I think we have the right policy targets and we are very much working towards them.

Frontex has done a tremendous job in Greece and the periphery. It has observed the situation and co-operated with the Greek authorities, and has given the issue publicity throughout Europe. This is a case for solidarity. The countries of the periphery, which are subject to that migratory pressure, have to carry the burden of the countries that do not see the issue on their front step. The awareness of the issue that the European Commission and Frontex have brought about is important with regard to European public policies that can be accepted and implemented throughout the European Union.

Clare Adamson: Good morning, ambassador. I very much enjoyed the reception yesterday evening and the opportunity to meet you and your wife.

Could you give us an insight into the difference that the European external engagement service has made with regard to tackling some of the issues of migration from outside the EU?

Konstantinos Bikas: All European organisations are working towards a common target. Sometimes, issues become very practical. You have to have a concrete policy with regard to countries of transition and to give people who are in the EU illegally incentives to return home. All the EU organisations need to be involved. However, the task is extremely onerous and difficult. When it is also connected with the human tragedies that can happen in coastal areas, things become more complicated. However, all organisations are moving in the right direction.

Clare Adamson: The committee has taken a great interest in the issue of human trafficking, which is a problem within as well as across the EU's borders. In a time of economic pressures, people become more desperate and vulnerable and can become more susceptible to organised crime. Can you give us an insight into how Greece and the EU are tackling this serious issue and the progress that has been made during Greece's presidency to deal with it?

Konstantinos Bikas: Human trafficking is a major issue with implications for human rights across society. That is absolutely clear. The decision on the part of all the European countries to tackle it is also absolutely clear.

The issue has been discussed in the justice and home affairs council, and progress is being monitored. The issue relates to developments on the front line—what is happening in the cities and in society. It involves police co-operation, border patrolling and border co-operation. It is another complicated issue. However, we all agree about the policies that will have to be implemented. The justice and home affairs council regards trafficking as its number 1 priority and as far as possible aims to reduce the number of sad cases of human trafficking. It is a major priority.

Alex Rowley: You mentioned that youth unemployment in Greece is at 50 per cent, which is much higher than it is in Scotland. All the evidence suggests that the economy in Scotland is recovering. Business confidence is growing, but we still have high levels of unemployment and youth unemployment. One of the barriers to getting people into work is the skills gap. In my constituency in Fife, large employers are recruiting from agencies right across Europe to get skilled labour. What are the barriers to tackling high levels of unemployment in Greece and across Europe?

11:00

Konstantinos Bikas: We need growth policies in order to do that. One of the major pillars of the single market is the mobility of workers within the European Union, which is in fact very low—I think

that only 3 per cent of workers in the EU are mobile. In the United States, for example, the level of workers who move around is much higher. For reasons such as culture and language, the aim of the single market has not been totally fulfilled up to now—we do not see the transfer of workers from one place to another that should happen in a perfect, smoothly working single market.

There are a number of issues, of which growth policy is the most important, with funds to create businesses and enterprises that produce jobs and a European Union that is more extrovert. Trade agreements are also very important, because we want a framework for exports—there is the transatlantic trade and investment partnership, for example, and a similar Pacific one, which includes China, Canada and Japan. The target for European Union trade policies is to be able to sustain our way of living in the eurozone in the years to come. I hope that, now that we have understood what has to be corrected, things will become better and we will all have more exports and more job creation.

It is of paramount importance that the single market works smoothly so that, through it, we can adjust imbalances and create more growth. I stress that it is very clear in the eurozone that any measure taken there will respect the single market for European Union member states that are not members of the eurozone. That is an important point.

That is how we see the situation.

Alex Rowley: I have a follow-up question. My point is that we can create growth and jobs but people might not have the skills to take those jobs. Is there a coherent policy in place across Europe for Governments to work with employers to ensure that people get the skills that they need to take advantage of the jobs? We need to tackle the levels of youth unemployment and poverty, and we need to bring people out of poverty, but in a modern economy, if people do not have the skills, they will not get the jobs. What resources are there to support that approach?

Konstantinos Bikas: That also relates to education policies, some of which are national and some of which are common across countries. The common target is to create better-educated young people who can take up jobs. That is a major challenge, and I do not think that I can give a simple answer. However, it definitely has to do with education policies, the single market working smoothly and targeting problem areas and finding the correct medicine for those areas. Again, it will be a problem for decades. As the world develops, we develop, and we want to become more extrovert and more open to trade and to creating jobs and exports.

Patricia Ferguson: Good morning, ambassador. I have long been fascinated by the coming together that we have in the EU when there is about to be a change in the presidency—the way in which the trio of presidencies works. I suppose my question to you comes in two parts. How does that trio and that way of working support the priorities that Greece has for its presidency? What work is Greece doing with Italy, which has the incoming presidency, to support its interests and how could we make that a coherent plan for a longer period? It has always struck me that that would be a very sensible thing to do, but given nations' competing interests it must also be quite a tricky thing to do. I am interested to hear your view on that.

Konstantinos Bikas: I believe that one of the major achievements of western civilisation is its ability to make complex products such as machines and aeroplanes work. We are quite capable of that, and we have in the European Union a very good system that works efficiently.

I will return to the presidency. The presidency organises and chairs meetings, promotes co-ordination of policies, negotiates deals, and works out compromises. It represents the Council of the European Union at meetings with other EU bodies, and chairs all Council configurations, with the exception of the European Council and the EU foreign affairs council. In practical terms, that means that it takes care of the priorities that are set; work has to be done on setting the calendar, saying what we have to do and where we have to go. The logical connection between the priorities of the presidency and the work of the EU institutions is not exclusive; it is inclusive. Our priorities are absolutely part of the policies of the European Union. No policy of the EU would not be under discussion, because that is not how the EU works.

Expressing policies to the public is also important; you know how important it is to connect with people because you are politicians. The notion of priorities allows people to be connected with the targets of the current presidency as well as the targets of all European institutions. That is the way to look at it.

I had contact with my Lithuanian colleague and good friend when Greece took over the presidency and I am sure there will be discussions with my Italian colleague who will take over from me. I was told where things had come to, and I took over from there.

I believe that the experience of the EU institutions in that respect is very much to be trusted.

Willie Coffey: Hello again, ambassador. I want to ask a question about telecommunications and

broadband. Scotland and Greece are similar in many ways; for example, we have a large number of inhabited islands in our countries—I think that Greece has about 200 inhabited islands and Scotland has just under 100. It is difficult for any country to deliver high-speed communications networks and broadband services and so on, and I note that one of the aims and objectives of the presidency is to reduce the cost of deploying high-speed electronic communications networks. I am curious to find out how you are going to do that.

Also, did the debt crisis have a direct impact on investment in information technology infrastructure and telecommunications in Greece, in particular? Did it stall the progress that you had hoped to make?

Konstantinos Bikas: I will start with your second question. One of the reasons why restrictive fiscal policies are adopted is because they make direct investment more prosperous; wages come down and companies have incentives to invest. In Greece now, we are seeing a boost in activity on telecommunications. As the technology is developing, the internet and electronic commerce and all that are becoming more widespread.

To be honest with you, I would have to look very carefully in my files to find a precise answer to the question. I can tell you that it is of paramount importance, as a target of the presidency of the European Union, to make IT available to everybody. We know how much it adds to GDP and we have seen the importance of successfully bringing down roaming data prices. Although I do not know what exact arguments were used to achieve the target, they would have taken into consideration the amount of investment that was needed, the availability of residual products and how the overall costs for the consumer can be reduced. A paramount task is to promote growth. IT plays a big role in that, but if the services and products are not cheap, that will not happen.

Willie Coffey: Was the investment in areas such as telecomms infrastructure mostly private investment, or was it sponsored by the Government or funded at EU level? Greece rates pretty well with regard to broadband coverage, despite the number of island communities. I am curious to know how that was achieved, how the funding for the infrastructure was delivered and whether it was done through a mixture of investment types.

Konstantinos Bikas: As you correctly said, for the island parts of a nation where tourism plays a big part, such as Greece, it is very important for everyone—even people who are visiting the most remote islands—to connect to the mobile and broadband networks, whether for personal or work reasons. Greece manages to have excellent

broadband even for the tiniest islands—without that, we would not have tourism. That investment is undertaken primarily by private companies.

Alex Rowley: You talked about supervision of the European banks with regard to what we would term the banking crisis, which led to a global failure in banking. My memory of that crisis is that it kicked off initially in America. There is a feeling that for many bankers it is business as usual, but in this country we are seeing major cuts and austerity measures being imposed on welfare and public services. The ordinary person in the street is paying the price for the banking crisis. Will you say a bit more about supervision of European banks? In addition, can any one country on its own, or group of countries, introduce banking regulations that would preclude such a crisis happening again, or do we need a worldwide banking agreement?

Konstantinos Bikas: The banking union refers to the eurozone countries. Other countries are free to be members of the banking union, but it is obligatory for the eurozone countries. As you rightly said, it is understood that we must get the banking sector working so that the mistakes of the past are not repeated, otherwise we will come to a position whereby the banks, the debts and the sovereign states will be linked, and the sovereign states will end up being presented with the bill.

The aim of the banking union is to ensure that that never happens again, and that we cut the link between the sovereign state and the banks. The major 130 or so systemic eurozone banks will be—the decision will be implemented this year—under the supervision of the European Central Bank and not under the supervision of their national banks. The European Central Bank will monitor the banks, so that they do not overexpose themselves.

Even if something goes wrong in that regard, a second barrier to overexposure is the resolution mechanism, under which any bank anywhere in the eurozone, if it gets into trouble, will be funded with the right amount of money. However, if a bank cannot be saved, it will be closed down.

The connection between the eurozone crisis and the banks' functions is clear to everyone, which is why the European Union banking union is such a major exercise. After about 10 years, that union will eventually—according to the blueprint—lead to a situation in which it will not be possible for a systemically important bank to fail. Instead, it will be properly funded through existing funds without the sovereign state and the citizen feeling that pain.

11:15

That is the clear road that we are on; my opinion is that it is the right road to take. It is difficult in the sense that a lot of systems must be co-ordinated and other things must be done, but if you go through the papers of the Commission, the Council, the European Parliament or the European Central Bank, you will see that it is a well-paved way for the future. I am very confident about that. It will take some time but, as I have said, although the European Union sets targets that may seem to be a long way off, they are achieved. That was the case with monetary union. There may have been a lot of pain but, at system level, the eurozone crisis has been mostly overcome.

Roderick Campbell: I have a final question. You talked about the continuing support in Greece for the euro, despite all the problems that you have had. Is there any appetite for a repatriation of powers from the European Union?

Konstantinos Bikas: Right now, the major focal point for everyone in Greece is to find the right policies and the funds to overcome the crisis, and to work together with the European institutions for that purpose. The country is very much focused on achieving a first year out of recession and a bottoming-out of the economy. Our main energy is going towards achieving that.

The Convener: That concludes our questions to the ambassador. I extend my gratitude to you for giving evidence to the committee. On behalf of the committee, I wish the Greek presidency every success; with your resilience, we have no doubt that you will have that success. We look forward to welcoming you back to Scotland another time. Thank you very much.

Konstantinos Bikas: Thank you very much, convener and esteemed members of the Scottish Parliament. It has been an honour to be here. I thank you for your assistance and support, and I hope that my evidence is useful for your important work.

The Convener: Before I close the meeting, I remind members that the clerk, Jenny Goldsmith, is looking for suggestions for witnesses for our one-off inquiries. I ask that you pass suggestions to Jenny by tomorrow.

We are not meeting next week, but the Rural Affairs, Climate Change and Environment Committee is holding a special briefing on agriculture, should members wish to attend it.

We will see you in two weeks' time.

Meeting closed at 11:17.

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e-format first available
ISBN 978-1-78392-886-6

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