



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

EUROPEAN AND EXTERNAL RELATIONS COMMITTEE

Thursday 9 October 2014

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EUROPEAN AND EXTERNAL RELATIONS COMMITTEE
18th 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:

Fiona Hyslop (Cabinet Secretary for Culture and External Affairs)

Pasquale Terracciano (Ambassador of Italy to the United Kingdom)

CLERK TO THE COMMITTEE

Katy Orr

LOCATION

The Robert Burns Room (CR1)

Scottish Parliament

European and External Relations Committee

Thursday 9 October 2014

[The Convener opened the meeting at 09:00]

“Brussels Bulletin”

The Convener (Christina McKelvie): Good morning and welcome to the 18th meeting in 2014 of the European and External Relations Committee. I make the usual request for mobile phones and other electronic devices to be switched off, unless members are using their iPads for meeting papers. We have received apologies from Jamie McGrigor, and his substitute will not be joining us, either.

Item 1 is the “Brussels Bulletin”. Members will note that the latest edition is detailed and contains some interesting things. There are obviously lots of changes going on at Europe level right now, with commissioners being interviewed and different strands, strategies and policies emerging. Are there any questions, comments or queries on the “Brussels Bulletin”?

Willie Coffey (Kilmarnock and Irvine Valley) (SNP): My attention was drawn to the information on page 2 about the appointment of the commissioners. We can see that they will be concentrating their efforts on some clear and focused themes and projects including jobs, growth, investment, and the connected digital single market. As you know, convener, I am particularly interested in how that develops in the European Union and how it might affect Scotland. Will there be an opportunity for us to do a little bit more work on that so that we can understand exactly what the commissioners’ roles and remits might be with regard to the digital single market? I think that that would be useful work for the committee to engage with.

Hanzala Malik (Glasgow) (Lab): That is exactly the point that I wanted to make. The digital industry is a favourite subject for both me and Willie Coffey. It is high time that we tried to roll out as much of it as we can. I am with Willie Coffey on that point; it should certainly be a priority for us.

Clare Adamson (Central Scotland) (SNP): I have a comment on the European Commission’s selection process. Observing the possible candidates, I am struck that there is not a gender balance, to say the least. I wonder whether that is something that we can look into, to discover what

equalities mechanisms, if any, are used in proposing the commissioners.

The Convener: Indeed; that is something that piqued my interest as well.

Roderick Campbell (North East Fife) (SNP): It is a comprehensive bulletin, but I have lost the thread as to exactly where we are with Lord Hill’s hearings. Could the clerk update us on Lord Hill’s current position?

The Convener: We can get an update on that.

Roderick Campbell: I am interested in whether Lord Hill will have the financial services brief. I am particularly interested in progress on the fourth money laundering directive, so anything that we could find out about that would be of interest to me, personally.

The Convener: I have a quick comment on Willie Coffey’s question. A few ideas were brought up in last week’s discussion at our business planning day about our work programme, so we are working through the proposals and hope to have something that will meet with your satisfaction.

Willie Coffey: I notice that the bulletin also mentions one or two awards to support transport infrastructure projects in Scotland. It is a great report, but it would be really helpful if there was from time to time a summary page of awards that are made to Scotland. Our late friend and colleague Helen Eadie used to raise questions about keeping an eye on what awards Scotland was or was not receiving. Such a summary would be useful. The suggestion relates to Jamie McGrigor’s comment last week about strengthening the case for being in Europe and being able to demonstrate and articulate the advantages that being in Europe brings. A lot of good work goes into the bulletin, but it can be useful to summarise the awards from various programmes and their value to Scotland. It would be lovely if you could make contact with whoever compiles the bulletin, convener, to ask whether that is possible.

The Convener: We can do that with Scotland Europa, which brings together quite a bit of work—I expect the bulletin to get more and more hefty over the next few months, as key themes and policy emerge from the European Commission and the European Parliament. A summary would complement the six-monthly update that we get from the Scottish Government on where the structural funds come from and where the money is spent.

Roderick Campbell: The comments about the Erasmus student programme’s impact are encouraging. It appears that graduates of the programme are far less likely than students who

have not studied abroad to experience long-term unemployment.

I was also encouraged to read that the new employment commissioner will have a remit to look at labour mobility. The idea that people moving around Europe for jobs is a bad thing is not borne out by the evidence, and it is interesting to keep an eye on the topic.

The Convener: You are quite right. The issue is a key area of interest for the Italian presidency. We will hear from the Italian ambassador later this morning, so we might start to investigate the issue then.

Hanzala Malik: Members will recall that we made great efforts to ensure that someone was in place who could help organisations to apply for European funding. I have not yet heard how the approach is progressing. Have organisations been assisted? Have they been successful in bidding for funding? I would like some feedback on that, perhaps at our next meeting.

The Convener: Are you talking about a Scottish Government person? I think that we endeavoured to look into that before, did we not?

Hanzala Malik: Yes. This committee was instrumental in the creation of the post, and it would be interesting to hear about progress.

The Convener: We will hear from the Cabinet Secretary for Culture and External Affairs this morning on the EU strategy, so we could ask her.

Hanzala Malik: I am not sure that she will have the detail, and I do not want to put her in a difficult position.

The Convener: Yes. The issue is more likely to be in John Swinney's portfolio.

Hanzala Malik: I am happy to put her in a difficult position if you want me to do so, but I would rather not.

The Convener: Okay.

Are members content to send the bulletin to subject committees, highlighting the points that we have raised?

Members *indicated agreement.*

The Convener: Thank you.

09:08

Meeting suspended.

09:12

On resuming—

Scottish Government Action Plan on European Engagement

The Convener: Under agenda item 2, we will cover the Scottish Government's plan for European engagement. We intend to run this evidence session until about 10 past 10. Is that okay for you, cabinet secretary?

Fiona Hyslop (Cabinet Secretary for Culture and External Affairs): Yes.

The Convener: I welcome the Cabinet Secretary for Culture and External Affairs, Fiona Hyslop. She is assisted by Craig Egner, who is the head of the Scottish Government's European relations team. I know that you wish to talk to us about the Scottish Government's European priorities, cabinet secretary, so I invite you to proceed with your opening statement.

Fiona Hyslop: Thank you very much for inviting me to speak.

This evidence session comes at a very important time in European affairs. The European parliamentary hearings for the new European Commission concluded this week under the new President, Jean-Claude Juncker. We expect the new commission to be formed next month, following approval by the European Parliament. We understand that there may be one proposal that has not been accepted. The Scottish Government will watch closely as the new commission sets out its new agenda.

The committee has long been interested in the Scottish Government's EU action plan. The current action plan framework was established in 2009, and has been updated regularly since then. It does not seek to address every aspect of EU business that the Scottish Government covers; rather, it pulls out some key areas. Our EU business has evolved quite significantly from where we were in 2009.

We are refreshing our action plan, and we will take account of the new European Commission and the new European Parliament, following the elections in May. We hope that the committee will wish to be involved in that work to refresh the action plan. We continue to publish updated annexes to the action plan twice a year, coinciding with the rotating presidency. We share those with the committee, and I hope that you find them useful.

The latest annex was published in August. It covers our work under the Greek presidency and looks ahead to the current Italian presidency.

There is positive overlap between the Scottish Government's priorities and those of the Italian presidency, as is highlighted in the action plan. Scotland and Italy have similar priorities for engaging with member states, the EU institutions and other EU stakeholders.

09:15

I met the Italian ambassador yesterday. As members will be aware, there are more than 6,000 Italians living in Scotland, and our two nations have rich cultural, tourism, trade and industry ties. I was in Siena at the weekend, speaking at the Pontignano conference. This is the third consecutive year in which I have attended. There was, of course, great interest in the Scottish referendum. As the greatest democratic experience in Scotland's history, it has many lessons that people are interested in.

The Italian presidency of the EU is the first of a trio with Latvia and Luxembourg. Our EU teams in Scotland and Brussels are working closely with the Italian presidency, the EU institutions, the United Kingdom representation and other key EU stakeholders, to ensure that Scotland's priorities are communicated across all three European Council presidencies.

The Italians have highlighted three priority areas for their presidency—you will be hearing from the ambassador later. The first is a Europe of opportunities, which concerns economic and financial activities. One key area on which the Scottish Government is seeking to engage with the Italian presidency is youth employment. Scotland has the only youth employment minister or cabinet secretary in the EU. The Scottish Government has marshalled more than £143 million for the period 2012-13 to 2014-15 to support young people into and towards work, and our efforts are making a difference. In 2013, the proportion of 16 to 19-year-olds who were not in education, employment or training decreased in all 32 local authority areas of Scotland. Bearing in mind the period that we have gone through, that is quite significant. I know that there is interest across Europe in learning from and sharing our experience.

Other areas in the opportunities agenda include energy and climate change, the single market, a digital economy, action on industrial policy and financing for growth.

The second priority area is in relation to a Europe of rights, which covers justice and home affairs issues, including immigration. The importance of the immigration issue was clear in the results of the European elections, with the rise in popularity of parties promoting an anti-immigration agenda. That is clearly important to

the Italians, with the on-going humanitarian situation in the Mediterranean, but we agree that that is a long-term strategic issue that requires all the EU to take responsibility.

As regards justice, we expect further progress on the European public prosecutor's office, which was a hugely complicated matter to start off with. We understand that the proposals for the office, as well as the data protection package, are now in better shape. A number of member states share Scotland's concerns about the EPPO proposal. However, negotiations are progressing in a positive direction: more power is being given to the national level, with greater flexibility in the structure. Although the UK will not participate in the measure, it is an important priority for the Scottish Government, given that it is likely that Scottish law enforcement and prosecution authorities will have to work with the EPPO once it is established. I know that the committee has already taken an interest in the matter.

The third priority for the Italian presidency, which is that of a European Union of global engagement, encompasses the external dimension of the EU. That includes trade and crisis management, where the European Commission will present a package of enlargement and the presidency will work on free trade, with a clear focus on agreeing the EU-United States transatlantic trade and investment partnership. I know that the committee has a great deal of interest in that, too. The UK is one of the countries that will benefit most from the TTIP agreement and, within the UK, Scotland is well placed to benefit in terms of jobs and services. We will continue to monitor that, as well as continuing to identify work on developing the EU's approach to trade with Asia.

The priorities of the Italian presidency are not only short-term goals for the country's six-month European Council calendar; they are also benchmarks for the incoming European Commission mandate, which will be seeking progress and change across the EU for the next five years. Our engagement over the period is not just about the short term; it is also about setting the Commission's agenda over the longer term.

The question of EU reform will be present. That follows some of the politics around the anti-European parties that gained seats in the European Parliament in May and, within the UK, the Conservative Party's in/out EU membership referendum promise. The Scottish Government opposes an in/out referendum in 2017 because exit from the EU would carry significant risk for growth and jobs in Scotland. We believe that reform is best achieved from within the EU. In the summer, I circulated to the committee our proposals for EU reform within existing treaties,

which would progress reform without risking aspects that are important to Scotland.

The Convener: That was a sprint, if not a marathon—a lot is packed into the work that you do. A couple of things jumped out at me. You are correct that the committee is taking a keen interest in the transatlantic trade and investment partnership. You mentioned its potential benefits, but we are being lobbied heavily on the pitfalls and problems of the partnership, which is commonly known as TTIP.

Will you give us an update? We have had communications with the Cabinet Secretary for Finance, Employment and Sustainable Growth and the Cabinet Secretary for Health and Wellbeing on concerns that have been raised via the committee. I know that a joint ministerial committee on Europe meeting is due soon—will TTIP be on its agenda?

Fiona Hyslop: It is important to look at both sides of TTIP—the benefits and the problems. If we reacted just to the concerns, we would not meet our responsibility to support jobs and growth. The Government supports the TTIP proposals, but that does not mean that TTIP's purpose and agenda do not require close scrutiny.

On inward investment, there is strong US investment in Scotland for jobs and growth—earlier this week, the First Minister outlined some of our progress on that. In the past year in particular, Scotland has had one of its best inward investment periods since devolution.

We must weigh up the positives for trade opportunities, such as reduced costs for small businesses. One challenge in Scotland is internationalising a lot of our small and medium-sized enterprises so that they can export more. A number of members have raised that issue with me. We must support the opportunity for Scottish businesses and jobs that exporting more will provide.

The downside—which is where you are coming from and on which you have had approaches—comes from the potential risks of TTIP for some of our key services. The committee will be aware that the Cabinet Secretary for Health and Wellbeing is in correspondence with the Secretary of State for Health and the European Commission on cast-iron assurances that, whatever approach is taken to the provision of health services in the rest of the UK, TTIP will not affect the Scottish Government's ability to determine how the national health service is provided.

We want to engage constructively with the UK Government and the European Commission on TTIP, but we are clear that we feel strongly about some issues, such as the importance of the public provision of health services in Scotland. I have

previously raised TTIP with the UK Government. A JMC Europe meeting will take place on Monday—unfortunately, I cannot attend it, but Roseanna Cunningham, the Minister for Community Safety and Legal Affairs, will be there. We do not normally share the agenda items before meetings—we normally report afterwards—but I can confirm that TTIP will be one of the issues on the agenda for that meeting with the UK Government.

The Convener: We will keep a close eye on that.

Another point that jumped out at me concerns the UK Government's proposals on withdrawing from the European convention on human rights. There has been a lot of debate this week in academic and legal circles about the impact of that on this place—on how the Parliament works and how the Scottish Government is required to work in producing legislation. Will you give us an insight into the Scottish Government's thinking on that?

Fiona Hyslop: Roseanna Cunningham answered a question in Parliament this week on the issue, which we feel strongly about. We would not agree to any legislative consent motion—any Sewel motion—to allow the UK Government to remove human rights aspects from our provisions. The Parliament was established to comply with ECHR and we have been proud of that.

Two issues arise: one is to do with the practicalities and the impact of the policy; the second, which I think is more important, is to do with the politics of the issue. The UK's attitude towards Europe has marginalised the UK in many different ways, and to walk away from human rights and the application of ECHR in this country would send a signal that further marginalised the UK, not just in Europe but further afield.

Why is that important? From a UK perspective—the UK can speak for itself, but Scotland obviously has an interest, as a continuing part of the UK—the influence that comes from empire, the economy or military might has diminished over decades, but the UK has a reputation for fairness, justice, the rule of law and human rights, which it thinks that it can use in foreign policy to influence countries that face challenges. To walk away from ECHR would completely and utterly diminish the UK's moral authority in that regard. The practical implications for the constitution and the law are one aspect of the issue, but the important point is about the message on what we stand for.

In the short time since devolution, Scotland has built up a reputation in the context of human rights in a variety of areas, not least in relation to how we implement a human rights-based approach. For example, in the summer we hosted an event on the human rights action plan at Scotland house in

Brussels, at which we brought together experts from across Europe who are interested in what we do and how we do it.

What is happening in the UK is counter to the practicalities of the constitutional set-up of the Scottish Parliament and potentially other areas. This committee will be interested in taking evidence from ministers, of course, and Roseanna Cunningham has taken a lead on the matter, but I am not sure what the position is in relation to a committee taking evidence from the Parliament itself. However, there is an issue for the Presiding Officer and this place, which needs to be identified.

We are taking the issue seriously and we are communicating our view to the UK Government. The subject will be raised with the UK Government on Monday. We should look at the two dimensions of the issue that I talked about. Given that the committee's remit includes external affairs, maybe it should consider the issue in the context of not just policy making in devolved areas but the reputational aspects and the implications for Scotland and for the rest of the UK. I am thinking about, for example, accession countries that are looking to reach the bar that has been set on human rights, which is important.

The idea that the UK would be the first country in the world to take a step backwards on human rights is incomprehensible to me. Perhaps I should finish there before I get too effusive in expressing my concern.

The Convener: Okay. I will bring in other members.

Roderick Campbell: Good morning, cabinet secretary. The matter of whether the EU itself will accede to the European convention on human rights has been under discussion for as long as I can remember. It seems to me that, given your portfolio, you are entitled to discuss with the UK Government its current position on that. One presumes that if we ever got to a point at which accession was a serious issue, the UK Government would simply try to use its veto to ensure that the EU could not sign up.

Fiona Hyslop: An interesting perspective is to consider whether the UK Government thinks that the convention is a good thing in a European context and whether its position in that regard is consistent with its position internally. There is an opportunity to try to shape things. I am not sure that I would encourage the UK Government to think about that, although you are right to ask the question.

Through the JMC, we have an opportunity to influence what comes up on council agendas. We would want an extension of the convention's application, but that might not be the UK's

position, which takes me back to the point about devolution being about advancing a case and a cause. If the UK turns round and says, "No, we will veto accession," that just shows the limitations on what we can do. However, the UK Government can speak for itself and I do not want to get into territory in which I speak for it.

09:30

Hanzala Malik: Good morning, cabinet secretary. You said a number of very interesting things about human rights and how what is proposed would affect us; you also drew attention to the UK's diminishing military might.

A big issue is that we do not have a common immigration policy across Europe. How we can be part of a European Union, have free borders—to a degree—and not have the same immigration policy has always been a bone of contention for me. That works against the face of things.

Human rights are affected by people. We have seen boats turned away in the Mediterranean by European countries that may champion the human rights cause but which do not seem to practice those rights. The difference between the UK and some of the other European partners is that the UK honours the human rights policy. An issue for us in the UK is that, because we do not have a common immigration policy, it is very tempting to play around with the human rights legislation. That is dangerous, and it is a slippery slope to go down.

We have seen human rights eroded daily in relation to how we arrest and detain people. We are just making rules on the hoof as we go along and we are infringing people's human rights. We can do this the right way or we can be like some of our European partners and do it the wrong way by taking action without following the convention that we have all signed up to.

Although it is absolutely right to look at the human rights legislation, where we stand is that, by making representations through our MPs, our views will be represented to the UK Government in the UK Parliament. I agree that we should not dilute our legislation any further—we have diluted it as much as I would want it to be diluted.

However, the world is changing rapidly and there are huge issues to consider, including very serious issues in Kurdistan and between India and Pakistan where, only a couple of days ago, we saw shelling. How people in different countries are affected is important. We are not interpreting human rights and immigration policies in the way that they ought to be interpreted. For example, there are people who are already in Europe who want to come to the UK. If those people are asylum seekers, they should be treated as such—

that is what the legislation says—but in reality that does not happen.

As I say, re-examining the legislation is a good thing, but I agree that I would not want it to be diluted; indeed, I want it to be strengthened. What role, if any, will the Scottish Government have in that? That is what I do not understand. Do you believe that you have a role to play in influencing the UK Government, or do we need to get our views represented directly through our MPs?

Fiona Hyslop: We have not only a role to play but a duty to speak out. Any parliamentarian or member of any institution should, if they feel strongly about issues, speak out about them. In many ways, human rights know no borders—that is the whole point of the humanitarian aspect. Although in terms of jurisdictions, laws and so on the borders are national, the concept of human rights is absolutely international.

We can look at the issue in different ways. On our influence and what we can do, the committee has roles in that regard. I liaise with UK institutions and the UK Government. We will do that internally, Government-to-Government, in our discussions with the UK; we can also do that directly, as we have done in relation to the European Union.

I have been talking about how we are going to refresh our action plan. One of the four pillars is justice and home affairs, and Hanzala Malik's points on human rights, immigration and so on are areas that have traditionally been within that ambit. When it comes to the agenda for ourselves, the UK and the European Union, we must look at the interplay between immigration, human rights and, indeed, external affairs and security and stability in the world.

Too much of the immigration agenda in the UK has been very inward looking and, for some parties, it has involved playing to prejudices. Some of the immigration issues are within Europe. They relate to the practicalities of borders, whether that is to do with the Schengen agreement or the common travel area in the UK and Ireland.

However, we also have to think about the wider issue, which I mentioned in my opening remarks, of people coming to the continent and the implications of instability, whether that is environmental instability as a result of climate change, which is impacting on the southern borders considerably, or the extensive military conflicts. All those things require a long-term strategic approach. The European Union is finding its feet—actually, to rephrase that, it has now established its role and responsibilities through the European External Action Service. One of the challenges for the Italian presidency in setting out the framework and for the Commission will be dealing with the interplay between all those issues.

We must address some of the issues of movement of people, energy security and climate change—we cannot just have an immediate, short-term impact. On how we get into some of those issues, climate change is an issue on which Scotland has built up a reputation, has expertise and is assisting, although I do not know who the European rapporteur is on the Rural Affairs, Climate Change and Environment Committee. The movement of people that is likely to happen if we do not tackle climate change—we will have environmental refugees rather than the economic refugees that we have now—is a big long-term issue for us.

We also have to consider the fact that Europe is an ageing continent. Italy is slightly different in that it has a young population, but the vast majority of Europe has an ageing population. We need to consider what that means in terms of having people of working age who can contribute through tax. Where will they come from and what will that look like?

There is a point about the interplay in the wider agenda between external affairs issues and justice and home affairs issues. My concern is that, although there has been progress—it was good to see the joint agreement on visas between the Irish and UK Governments last week—the UK's opportunity to influence and its credibility will be diminished if it ends up with a reactionary immigration policy rather than a long-term strategic approach. That also applies to human rights and the interplay between the two issues. The UK's voice of authority will be diminished, so the issue is not just about the practical policies that it might influence.

Therefore, our role should not just be as bystanders. We should not say that, just because the result of the referendum was no we should somehow retreat into a box of limited devolution. We have already established a base camp through our influence on climate change, and the fact that we have a separate justice system means that we have direct links in relation to JHA issues. The committee, too, has built up a reputation, not least through the work of the convener on trafficking, human rights and that wider agenda.

We have an authority in relation to our devolved competences on justice and climate change and in relation to the humanitarian impact of economic and environmental issues. We are building up authority through experience and expertise, and we should do that. If that means being a voice of conscience within the UK, we can do that, but I hope that we can influence the EU and its developments, too. There should not be a limit on our ambitions, although we should take a targeted approach and consider where we can influence and why. We should not expect to replicate all the

UK services, but there are clear agendas on which we can have influence, whether that is justice and home affairs, as a result of our separate legal system, climate change or the strategic thinking on the future economic wealth and stability, environmental security and energy security of the continent of Europe. That means that we have to think like Europeans. I believe that Scots do think like Europeans, perhaps more so than people elsewhere. We have to take on that obligation. It is not just my obligation—it is for the Parliament and the committee, too.

Hanzala Malik: I have a brief follow-up question. We see what is happening in Ukraine, which is part of Europe, and in Turkey, which is also part of Europe. Although Turkey is not in the European Union, it has aspirations to join and has been trying to address some of the human rights issues within its borders.

What is the thrust of your concerns about change? What will change that will be detrimental to the high standards that we hold? We are renowned internationally for being a fair and democratic nation. What is there a danger of losing?

Fiona Hyslop: It is the authority to encourage other countries to behave in a way that complies with human rights. How on earth can we lecture other countries—although I am not sure that lecturing is the way to influence them—or, rather, encourage them to take a position when we are walking away from human rights?

Turkey is very important. It offers many opportunities; it is strategic in many ways, and not just geopolitically in the current situation. We can look at the high economic growth rates that it has experienced recently. There are a lot of common business interests between Turkey and Scotland—not least in investment in financial services and other areas. We have seen the success of Turkish Airlines at Edinburgh airport. The Turkish Government has opened a consulate here to encourage business.

However, we know that when it comes to the accession process, Turkey's application to join the EU and its desire to be part of the EU, Turkey will need to overcome a number of hurdles. One recurring issue is human rights. I met the Turkish president when he arrived—last summer, I think—for meetings with the Turkish community and interests here, and people asked, "Did you raise the issue of human rights?" Opposition members frequently pursue that agenda in the Parliament. A state's moral authority to influence good practice on human rights, whether in Turkey or elsewhere, is diminished if the state—that is the UK—walks away from human rights.

Early after taking on my ministerial responsibilities in this area, I was involved in helping to finance and pay for trade unionists, businesspeople and representatives of the third sector in Turkey to come to understand better the European institutions and how they can develop. I am positive about that agenda. However, along with rights come responsibilities, and human rights are a responsibility.

The matter should not be seen in the context of narrow case law on individual issues, because the high-profile cases that the UK cites—the Minister for Community Safety and Legal Affairs is better placed to speak on the matter—are a very small percentage of the overall issues. The bottom line is that playing politics with human rights in the short term could have serious long-term consequences for the UK and its influence around the world.

Clare Adamson: I have a supplementary question. We have talked a lot about immigration, but one of the challenges that Scotland faces is emigration and a reducing population. Given that we are where we are following the referendum, with different challenges arising across the UK, how will you address the issue? I was struck during the referendum campaign that—albeit anecdotally—there is a perception that somehow Scotland is full up. I do not think that our population fully understand some of the challenges that a reducing population could bring.

Fiona Hyslop: The Government's economic strategy has a number of strands. Productivity and participation in the workplace form one; another is ensuring that we have a sufficient working-age population to pay taxes so that, when I eventually get to the stage of having a zimmer, somebody can pay for my healthcare and all the rest of it.

It is important to have the working-age population contributing. Some myths go about, but studies show that the net contribution that migrants—particularly from Europe—make to this country through their contribution in taxes is quite considerable. We need to surface that information more.

There are two ways to tackle the issue. One is to ensure that there are good-quality jobs and services, so that the young people of Scotland can remain here if they choose. It is significant that, I think, about 37,000 of the approximately 70,000 emigrants from Scotland are under 30. I will correct those numbers if I have got them wrong.

That is a great opportunity and it is fine, unless people leave because they have to. Part of the approach to the issue of our working-age population is to ensure that we keep our brightest and our best, but there are other ways of doing that, such as the post-study work visa for the

brightest and best of the world who are coming here.

09:45

Let us remember that there is an interplay of policies. I am proud to have been the minister who took through the legislation to abolish tuition fees, but let us consider what that means. Not only have we managed to save £1 billion for Scottish students, but we have attracted students from elsewhere. That is a potential cost, but the Scottish Government's investment in our universities has ensured that they have maintained their investment levels, so the change has not been to their detriment. For every international student who comes here, there are mums, dads and visitors who will come and spend money while they are here, so there is an economic benefit from international students.

We have to tackle the issue of getting the brightest and best to stay here. Perhaps the Smith commission could look at what we can do in immigration. Under Jack McConnell's Labour-Liberal Democrat Executive, we had the idea of the differentiated competitive edge, so we could think about the issue in that context.

The wider movement should be seen in the context of Europe as a whole. Europe has great strengths, but if its economic growth is not one of them—population is a factor in economic growth—that will be a challenge for us. We need to think about what that means. If it means that migration to Scotland needs to go from 22,000 to 24,000 to maintain the working-age population contribution, we can do that either by recalibrating the 2,000 who leave or by identifying 2,000 who might come annually to help our economy.

In industries such as energy and life sciences, which are key new sectors for the world, we can be at the leading edge, and that is where it is important to develop relationships that allow us to attract the brightest and the best and to keep them by making Scotland more attractive to them. There is an interplay between all those issues.

I am also interested in developing diaspora policy, both outward and inward. Jimmy Deenihan, who was previously the Minister for Arts, Heritage and the Gaeltacht in Ireland, has now been appointed as a specifically tasked diaspora minister in the Taoiseach's office. I am keen to learn more about what Ireland does and about mobilising our interests externally around the world. Yesterday, I met members of the Ukrainian community, and I am conscious of the importance of working with strong communities in Scotland such as the Ukrainian and Polish communities to recognise not just the waves of historical

immigration but the current talent that is coming here with the new Europeans.

Clare Adamson: That leads me to another question that I want to ask, which relates to the other side of your portfolio—culture. We had a successful international culture summit here in the summer, whose theme was culture as a currency of trust. I note that research and creativity is one of your four priority areas. Will you give us some insight into how arts and humanities will take part in that process and what benefits that will bring to Scotland?

Fiona Hyslop: We are keen on looking at the funding streams for creative Europe and the opportunities that that presents. Digital aspects are important and, in our “Nordic Baltic Policy Statement” and on my recent visits to Nordic countries, we have explored how we can work together and what we can do. That also relates to film, as a lot of film production is co-production. We will look at how we can stimulate that market for jobs and services by working with different countries in an area in which we have expertise. I am keen to progress that, and I have been discussing that with other countries.

I had not realised it, but apparently Scotland is second only to France for cinema attendance per head of population, although we are not well served by cinemas in lots of parts of Scotland. However, we can do things with digital technology. I was recently at the community cinema in Thurso, which has been using digital streaming—a technology that allows access to the best of culture, whether from Paris or Berlin or from Edinburgh or Thurso, which can be beamed out into other areas. I heard from people in Thurso about the reach and range that they can achieve.

Some countries—particularly Nordic countries—use such technology not only for health services in rural and remote areas but for entertainment and that sort of cultural life, which is important. There is something interesting in that, and I am looking into what we can do. I cannot tell you definite plans now, but there are great opportunities because of our areas of expertise.

Many countries—particularly the Baltic countries, such as Lithuania—are interested in our creative industries and how we use and promote them. The UK has been happy for us to lead on that on the UK's behalf because of our experience. That goes back to the representation that we have because of our areas of expertise. The creative industries, fishing, climate change and so on are key areas in which we have strengths and, within the constitutional settlement, we should be able to lead on them on behalf not only of Scotland but of the UK. Digital technology is another of those areas. As you know, our games industry is strong,

and the growing interplay between digital and film in a digital world gives us great opportunities.

To go back to the idea of linking up all the policies, if we are to internationalise our export base for our SMEs, we will have to operate on a digital basis for international promotion and exporting. That means that we must grow a country of digitally literate students who can influence exporting opportunities, for example. All the areas are connected, but I am particularly interested in that one.

At the culture summit, 25 countries were represented. Not all of them were from Europe, because we wanted to ensure that the summit was wider than that and featured people from the six continents. That is a good platform on which to showcase our reputation and experience and to engage in an exchange about the issues. We are doing that, particularly with the Baltic countries, as a result of the summit.

Alex Rowley (Cowdenbeath) (Lab): You talked about exports, and I hope that the committee will examine transport links with Europe and further afield. In my constituency, we have the port of Rosyth. One ferry operates from there—I think that it is run by a company called EDR. It is a freight ferry; the passenger ferry got taken off.

The port has an issue in relation to the European sulphur emissions directive. The chief executive of Forth Ports has written to Alex Salmond on the matter, and I am in the process of writing to John Swinney. The ferry company says that, because the ferry does not meet the standards that the directive requires, it might have to pull the ferry and close the route. Are you aware of that issue? The consequence of that decision would be that lorries would go south to ports such as Hull and so on. What are you doing on that issue? More broadly, what are you doing to ensure that our ports are better used, so that our companies can get easier access to markets in Europe and elsewhere?

Fiona Hyslop: I am aware of the issue and know that the Government is taking it seriously. However, because I am neither the transport minister nor the enterprise minister, I am not in a position to give you an immediate response.

All of us—we in the Government and you as a local member—have a responsibility not to cause fear or concern. We need to resolve the issues where we can. I assure you that the Government will seek to do whatever it can, within its powers, to address the issue. I hope that we can all work together collectively to ensure that there is a positive resolution.

Alex Rowley: As I said, I hope that the committee starts to consider the wider issue of transport links more broadly.

You talked about the importance of youth employment. What models are there across Europe? Even though youth unemployment is still at unacceptable levels, one of the successes in relation to youth employment has come about through the role that local government plays. That is not often mentioned when ministers talk about such successes.

To take my constituency as an example again, Fife Council has diverted about £9 million over the past two years into apprenticeships. To date, it has successfully placed more than 1,000 youngsters in apprenticeships with private companies. Are there other models across Europe? In this country, we use rhetoric when talking about localism, but we ignore the important role that local government plays. Councils across Scotland have good projects and are successful in engaging young people in training and skills development. Have you looked at the situation in Scotland? Are there European models in which local and regional government plays a major role in tackling the issues?

Fiona Hyslop: Angela Constance, the Cabinet Secretary for Training, Youth and Women's Employment, has been active in looking at and learning from different countries. She has been to Germany, Switzerland and Scandinavian countries to look at their models. We are always looking for different models and at how they work. In addition, part of the Wood commission's work was to look at what we can learn from elsewhere.

To answer your point, the issue is about the interplay of different areas. With my ministerial experiences, I can relate to the role of different government tiers and the European dimension. As the Cabinet Secretary for Education and Lifelong Learning, I secured the funding for 25,000 modern apprenticeships. In 2008-09, which was at the start of the recession, we knew that there would be a big impact on those areas. I also specifically pursued the councils that had the highest levels of young people not in education, employment or training and focused on the top five in the league table in order to move them downwards. That meant some councils learning from those that were better. I remember going to Fife to look at examples of what was done there.

You should probably get an update from the Cabinet Secretary for Training, Youth and Women's Employment about what was done and what she is doing now, as things have moved on significantly. At that time, we brought forward European structural funding as much as we could. The Government also did that with its capital budget—we plugged the gap in the private sector by front loading as much capital investment as we could. You might not be aware that I also did that with European structural funds to ensure that we

could tackle the issue of young people, so that we did not return to the situation in the 1980s when we had an economic downturn that had an impact for generations.

Working the interplay between skills agencies and local government is one way to proceed. In each local authority, the relationship between the agencies is calibrated differently. Getting them to work better together was important, as was recognising the local authorities that kept modern apprenticeships. West Lothian Council, which covers the area that I represent, was one of the few local authorities that kept modern apprenticeships while others had moved away from providing them.

Best practice, whether at local or international level, is important. However, we also feel strongly about the use of European funding for young people, so when I have represented our funding interests with the UK Government, I have made sure that we have the flexibility to play to local strengths—it is not one size fits all, even within Scotland—and that we have flexibility in the funding streams to tackle youth unemployment. To be able to do that by following what works well in different areas, whether that is Fife, Ayrshire or West Lothian, is important.

My experience is a bit dated, but I am sure that you can talk to others about the areas that you are interested in. For example, I have no doubt that you will want to hear from the Minister for Transport and Veterans on connectivity and, for your agenda of looking at and learning from elsewhere, from the Cabinet Secretary for Training, Youth and Women's Employment on what is being done on youth employment. That would be helpful. She can also give you an idea of what European funding is being used locally, how we can play to the strengths of local authorities that are doing things well and how other local authorities can learn from the best practice in some areas. I absolutely recognise your point.

Alex Rowley: We have all spent a lot of time recently on doorsteps. The general view is that Europe is remote and overly bureaucratic, that the people who are involved are on a bit of a jolly and that it is costly. The perception of what Europe does is not good. Given that Europe is so important for Scotland, how do we change that?

10:00

Fiona Hyslop: We have to get back to basics: jobs, services and wages. One of the challenges that we have in Europe is the austerity measures which, throughout Europe, are by and large blamed on Brussels. We must have a growth agenda and people must share in that growth, which means stimulating demand. One way of

doing that is to ensure that people have sufficient wages to buy goods and services from within Europe, to help to stimulate that growth. That is a basic economic argument and a good point to make to the Italian ambassador, with whom you will discuss the issue after me.

I firmly believe that the most pro-Europe part of the population is young people, because they see the jobs and opportunities. However, those opportunities cannot be just at university level or through Erasmus; they must be in other areas as well.

There is a need to drive up wages. We have debated at length in the Parliament the fact that, because we do not have powers over the minimum wage, it is difficult to insist on the living wage in contracts. We are actively pursuing that with the European Commission. That is a basic thing that affects people's lives.

All of us on both sides of the referendum debate agree that the way to get people interested in politics, whether European or Scottish, is to address things that affect their lives. The environment affects people greatly—they feel strongly about environmental issues—but so do jobs, services and protecting hard-won rights. I am sure that, across the political divide, we agree that for many people the best thing that has come out of Europe is the protection of employment rights. Reminding people that they have that and that they would not want to lose it will be very much part of an in-out referendum campaign.

That is about bread-and-butter, practical issues. We need to relate to how things impact people on the ground. We should not rely on our MEPs to be Europeans; we all have a responsibility to communicate the issues—not just me as the Cabinet Secretary for Culture and External Affairs, but everybody. There are conferences on just that subject. We need to get back to brass tacks.

Willie Coffey: Good morning, cabinet secretary. I will pick up the theme of youth employment that Alex Rowley mentioned.

You mentioned in your opening statement that Scotland has the only youth employment minister in Europe and that we appear to be bucking the statistical trend. I noticed from the "Brussels Bulletin" this morning that

"23% of young job-seekers aged 15–24 ... could not find a job in January 2014."

I think that there are about 4 million youngsters in that age bracket. Is there much interest from Europe in what Scotland has done in appointing a dedicated minister? What lessons can we learn?

Fiona Hyslop: Yes, there is. Angela Constance has been active on that agenda and working on

workshops and other initiatives that the European Commission has established on it.

We still have big challenges on unemployment and a long way to go. The figure that you quoted is average; in some countries, it is much worse. We saw what happened to the youth of Scotland in the 1980s. They are now probably the grandparents who have never known work because of what happened then. We also know the dislocation that that can cause and the health consequences that it can have.

The real strategic issue with stability and security across Europe is that there are some countries in which the level of youth unemployment is not only bad for the individuals but has extensive long-term implications and causes short-term anxieties about what could happen in a society from which people feel so distant and removed. How will a young unemployed person in Spain or Italy feel towards the authorities that are in power? If we believe that cohesive societies are essential for economic growth, which is probably an economic consensus within Scotland, it is a danger in many ways for societies not to have such cohesion and to have huge levels of youth unemployment.

Those lessons must be learned. I am convinced that the Italian presidency will take youth employment very seriously. The Commission should do that. It is interesting that, although there is movement and change in the Commission portfolios that Jean-Claude Juncker has established, some of the structure is inherited from the previous Administration, probably for understandable reasons.

The committee that I tend to deal with is youth, culture and sport, and it covers lots of different areas. The argument for Europe having a dedicated commissioner for youth is very strong, but unfortunately my influence and powers over setting out the structure of the Commission might be limited.

In many ways, young people represent an opportunity in terms of the European argument—mobility opportunities mean that Europe can benefit from the best young people. However, that point does not apply to all young people. That is the challenge—there are two sides to this. It is about how we collectively deal with what happens to young people.

We already meet the youth employment guarantee in many ways through our policy, but that guarantee is a really important part of the political signal that Europe is taking young people seriously. To go back to Alex Rowley's point, how can young people take Europe seriously if Europe does not take young people seriously? It is about creating a virtuous circle. That is why we argue

strongly that the UK Government should accept and support the youth employment guarantee.

It is not just a matter of following the guarantee in practice, although by and large we do that. Our strengths tend to be in employment: although our unemployment figures are fairly comparable with the UK as a whole, we are stronger on positive destinations. After a period in training or other areas, we have far better levels of sustained employment, particularly for those leaving school. The rates of young people with positive destinations are better now—having gone through this period of recession and economic downturn—than they were in 2006-07. That is quite remarkable and it is a great achievement, but we still have more to do, so we need to learn the right lessons.

There are two aspects, and it is a matter of moral authority. If we talk the talk, not just walk the walk—if we do both, and if we deliver not just in what we say but in what we do—that is a strong argument. We have responsibility for youth employment, as it is not reserved, and people are interested in what we do and what they can learn from it.

To go back to Alex Rowley's point, we should learn from other countries as well. We need to be targeted in our areas of intervention, but the youth employment agenda is one of the biggest issues facing not just this country or indeed the United Kingdom as a state but Europe. I absolutely agree with you on that.

Willie Coffey: A European commissioner for youth employment would be a fantastic statement.

Fiona Hyslop: I think that we are behind the curve on that one, sadly.

Willie Coffey: You mentioned the overlap with Italy in relation to some of the key areas that we like to focus on. The digital single market is one area that is of interest to me and the committee, which is also in the Italian work programme for the next six months.

Do you see any further progress being made on European mobile phone charges? I know that you made some progress recently in flattening out roaming charges, but we all know that, as soon as we walk in to another jurisdiction with a mobile phone, we tend to put it in a drawer and not use it until we come back home. Do you foresee any work to establish a real single market in relation to charging for mobile communications throughout the European Union?

Fiona Hyslop: That is one thing that we are keen to ensure happens. It is interesting that the themes that you are looking at in planning your activities include transport as connectivity, which is an important part of improving the economic

outlook for Scottish firms and their engagement. Digital connectivity is also important and it needs to be seen in the same light as transport in relation to the value that it adds to connections for economic growth activity and to communication.

In the wider sense, it is a question of how Europe sells itself to young people and vice versa. We have seen ourselves the growth in political engagement through social media during our referendum experience. That growth is happening on a global scale with different international connections. There is a political opportunity, but there is also an economic opportunity.

On where we are in practice in relation to the development of the single market, I know that it is a priority for Jean-Claude Juncker; he knows that it is a key area of development and progress. In our communication with the incoming Commission, we have recognised it as an area that we, as a jurisdiction, are keen to progress.

As regards providing you with an update, it is probably better if I come back to you having consulted my colleagues in the enterprise division so that I can give you a better assessment of where we are and what is likely to happen.

I know that the committee takes a keen interest in the area. The committee works with rapporteurs across the Parliament, and this is a good opportunity to pursue with the Economy, Energy and Tourism Committee issues to do with connectivity in the context of the digital single market as well as traditional transport.

Roderick Campbell: In the absence of Jamie McGrigor, I should ask you about the marine environment and fisheries. What involvement will you have in the area on behalf of the Government?

Fiona Hyslop: This is an area in which we have expertise. We had direct involvement in the recent, successful completion of the maritime spatial planning directive, and the marine environment is a key area of expertise in the context of secondments to previous presidencies. We work well with Ireland on access to funding streams from Europe, and we have just seconded an official to the Commission to work on fisheries management. The issue is not just how we are represented; we want to ensure that our expertise is used in the Commission—the more that happens, the better.

Richard Lochhead has worked extensively in the area. I suspect that he is now the longest-standing fisheries minister in Europe. Previously it was the Swedish minister who had the most experience, but Sweden has a new Government. Richard was saying to me that he has been fisheries minister for seven years, so no one else will have as much expertise as he has, not to mention the amount of

responsibility, given the extent of the waters and fisheries in which we have an interest. Given that expertise, there is a strong case for having Richard Lochhead lead UK delegations that speak to the agreed and pre-prepared UK line on fisheries.

Food and drink, agriculture and the marine environment—issues in which Jamie McGrigor is interested—are areas of competitive strength for us. We have taken an active interest, through ministerial engagement. We will ensure that areas of competitive advantage, interest and expertise are surfaced in the refreshed action plan that I mentioned, so that the committee will be able to scrutinise our activity more easily than you have been able to do in the past.

Hanzala Malik: There is positive news about air links with Scotland through Turkish Airlines, Emirates and Qatar Airways. Pakistan International Airlines used to operate here too, and the Pakistani community in Glasgow, in particular, is trying to re-establish the link. How can we get the full value from the new links, through trade? Do we have a database of exports—as opposed to tourism—to countries as a result of the links? If we do not have such a database, can we consider how best to use links in that way?

Fiona Hyslop: We absolutely do that. Every arm of Government is actively pursuing improved connectivity. I noticed that Mike Cantlay, of VisitScotland, recently announced a new air link. I am delighted that there are several links with the United States, such as the link to Philadelphia, which is hugely important.

During my Scotland week visit to Chicago I met airlines, and my deputy, Humza Yousaf, has been extensively involved in promoting developments, particularly with the Gulf states. Every arm of Government has been involved in the issue at some point, and activity is highly co-ordinated. I am sure that Scottish Development International and Scottish Enterprise can furnish you with information that they have.

10:15

In relation to the Turkish Airlines flight to Edinburgh Airport, it was initially thought that a lot of the traffic—in both directions—would be tourist traffic. However, people were pleasantly surprised by the business opportunities that the air link brought. That is great news in relation to current air links; it is also a good story that can encourage the development of other links. It is about working not just individually but collectively to say, “We are good for business and this is a great opportunity.”

The committee can take an active interest in connectivity, and as you develop your workstream

it would probably be easy to get figures from SDI and Scottish Enterprise.

I am pleased with progress to date and I am hugely optimistic. I assure you that Humza Yousaf and I have been active in the area, as the transport and enterprise ministers have been. You might want to look at the issue in a segmented way or consider an integrated approach, because it is interesting to consider the interplay between tourism and business in the context of outward and inward flights.

If we want to encourage SMEs to become more international and export focused, we must help to provide opportunities to do business. That involves digital connectivity, the skills and talents of young people—such as digital and language skills—and connectivity through flights. All those areas are critical to Scotland's success. I am optimistic, but a lot of hard work needs to be done.

The Convener: There is a possibility that the Economy, Energy and Tourism Committee will do some work on exports. We should communicate with that committee.

We have explored a lot of areas, and we said that we would finish this part of the meeting at 10.10. I want to make a plea on behalf of members of not just this committee but all committees. Members of the Scottish Parliament have an issue to do with communication with the Westminster Government. We have always had a tough time with the Home Office, but the problem now seems to extend to the Department for Work and Pensions. I hope that the Scottish Government, in all its communications with the UK Government, will impress on the UK Government how important it is for MSPs to be able to get on and do their job.

Fiona Hyslop: Point taken, appreciated and understood. I have raised the matter in the past and will continue to do so. We should perhaps use the new opportunity that is presented for Scotland to secure a good respect agenda, which allows everyone to go about their business.

The Convener: Indeed.

I thank you on behalf of the committee for your evidence this morning, cabinet secretary. We have explored many areas, and you have given us lots of information to inform our work programme over the coming months.

I will suspend the meeting for eight or so minutes, to give the committee a break and ensure that we are ready to welcome the ambassador appropriately.

10:17

Meeting suspended.

10:26

On resuming—

Presidency of the Council of the European Union (Priorities)

The Convener: Item 3 is for the committee to hear from His Excellency Pasquale Terracciano, the Italian ambassador to the United Kingdom. We are going to discuss the Italian presidency of the Council of the European Union.

I welcome you warmly, ambassador. We held a reception last night and I hope that you had a warm welcome there. I also welcome the ambassador's guests to our public gallery. They include Graham Blythe, the head of the European Commission office in Scotland, and Jackie Minor, who is, as he put it, his boss.

Ambassador, I believe that you have some opening remarks.

Pasquale Terracciano (Ambassador of Italy to the United Kingdom): Thank you, madam convener. Good morning to all distinguished members of the Scottish Parliament. I have some introductory remarks on the priorities of the Italian presidency and on what we have achieved so far.

While presenting the priorities of the Italian presidency of the Council, Prime Minister Renzi stressed that it is a unique opportunity to discover the true soul of Europe and the profound meaning of our life together. With this spirit, Italy has engaged enthusiastically in this particular and atypical presidency that takes place against a background of deep institutional change and at the beginning of a new legislative cycle. Despite the objective limits of this transitional phase, it is a key period for setting the strategic priorities for the EU institutions for the next five years. The Italian presidency is acting as a catalyst for policy change to allow Europe to return to a path of sustainable growth and restore citizens' confidence in the Europe project. We want to turn the present phase, the beginning of a new political cycle, into a fresh start for Europe.

During the past three years, all EU member states, including those who are in and out of the euro, have been focusing on assuring fiscal consolidation and deficit reduction. At the national level, we have initiated important structural reforms in order to recuperate competitiveness, but that is not enough to address the deep malaise of our peoples, who were dramatically affected by the recession and now fear for their future and the future of their children. The malaise is so deep that it resulted in the rise of europhobic parties all over Europe at the last European elections. The motto of the Italian presidency is, "Europe, a fresh start".

Our main aim is to create a better, stronger and more effective Europe.

10:30

We have reasons to be confident. In June, the European Council started to address European citizens' concerns by agreeing the "Strategic Agenda for the Union in Times of Change", which was presented by the new President of the European Commission, President Juncker. We considered that to be an important achievement at the political and institutional level. For the first time, the appointment of the new President of the European Commission has been clearly linked to a number of strategic priorities that have been agreed by member states. At a time when the candidate to the top job of the Commission was selected on the basis of a process that some member states considered to be controversial, it was necessary to reaffirm the central role of the member states in the signing of the working agenda at EU level to facilitate a common and coherent organisation of the work among the EU institutions.

There are basically three priorities of the Italian presidency: a job-friendly Europe delivering economic growth; moving Europe closer to its citizens in the area of democracy, rights and freedom; and a stronger and more global role for Europe in foreign policy. Now that we are in the middle of our presidency, the time is right for a state-of-play assessment of what has been achieved so far in those three areas and what remains on the agenda for the next three months.

I will first speak about growth and jobs. With more than 26 million people unemployed in Europe, the Italian presidency is focusing on creating more jobs and fostering growth as the two main drivers of EU economic policy; implementing the youth employment initiative; relaunching the EU 2020 strategy; deepening and strengthening the economic monetary union; boosting competitiveness in the EU; implementing the digital single market; promoting an industrial renaissance; and achieving an EU common position on the 2030 climate and energy package.

It should not come as a surprise that, on almost every single topic that I have just mentioned, today more than ever, Italy and the UK share a similar approach to the policies that are needed at EU level to deliver economic growth and jobs and to move Europe closer to its citizens. That is especially true of the need to fully exploit the potential of the single market in all its dimensions, including the market of products, the market of services and the digital single market. We need to reduce unnecessary administrative burdens and cut red tape for SMEs; support open and fair trade and strategic partnerships; and make progress in

the economic monetary union while respecting the integrity of the single market and preserving transparency and openness towards non-EU countries. We need to promote climate and energy policy on issues such as affordable energy for companies and citizens, secure energy for our countries and green energy as an engine for growth.

Although we recognise that the specific concerns that the United Kingdom has raised about the future development of the EU will need to be addressed, as stated at the European Council last June, the Italian presidency thinks that, today, the EU must be flexible enough to be able to support and to act as a multiplier of national Governments' efforts through effective European policies and investments. The UK is an essential and indispensable partner in the achievement of those goals given the decisive added value that the UK has always provided in key moments of the life of the EU. As Prime Minister Matteo Renzi recently stated in the European Parliament,

"A Europe without the United Kingdom would not simply be a less rich Europe, it would be less Europe, less itself".

Together, we can work effectively to shape a better and smarter Europe that is less intrusive and more efficient.

I move on to progress that has been achieved on growth and jobs. The Italian presidency is focusing all its efforts on tackling the scourge of youth unemployment, including through an effective implementation of the youth guarantee scheme. Given the alarmingly high level of youth unemployment, in Milan yesterday, the Italian presidency hosted a European summit on unemployment and growth as a follow-up to the summits that were previously held in Paris and Berlin. Following a clear European road map, the Italian presidency is working in all Council formations to redirect the action of the EU towards the strengthening of the real economy.

Our objective is to boost competitiveness while tackling social exclusion and enhancing the social dimension of the EMU. On those issues, the presidency is promoting political debates within the sectoral councils, with a view to a final report by the presidency as a contribution to the review of the EU 2020 strategy. The report will also address the need for closer links between the EU 2020 strategy and the European semester, and for a better balance between the real and the financial economy.

We are pressing to start the new legislative cycle with a clear strategic commitment to completing the single market. Information and communication technology and digital technologies are powerful tools to modernise our

economies while creating highly qualified jobs. On 8 and 9 July, Italy hosted the high-level Digital Venice conference, with the participation of important political and business leaders. The conference sent out the clear message that boosting competitiveness in Europe can be achieved only by developing the digital agenda and by completing the digital single market and integrating it in the EU 2020 strategy.

The Italian presidency is working hard on the political framework for climate and energy for 2030, in order to agree an EU common position at the October European Council.

The second objective is to move Europe closer to its citizens. The strategic agenda for the EU states:

“The May 2014 European elections open a new legislative cycle. This moment of political renewal comes precisely as our countries emerge from years of economic crisis and as public disenchantment with politics has grown. It is the right time to set out what we want the Union to focus on and how we want it to function.”

Italy entirely and whole-heartedly subscribes to those words and considers the second set of priorities as the core of our presidency. It might be articulated as follows: a more effective mode of operating for the EU institutions; a common policy for immigration and asylum; better management of the EU borders; strengthening European judicial co-operation; and the protection of fundamental human rights, *inter alia* the principles of non-discrimination and gender equality.

Our main objective is to minimise the perceived gap between European citizens and EU institutions in order to push for a better and more democratic Europe. The EU should be deeply rooted in the principles of attribution, subsidiarity and proportionality. As a consequence, it should be less intrusive in all those sectors that could be better dealt with at national, regional or local level.

That is why, since August, the Italian presidency has been promoting at the general affairs council a common reflection on how to reform effectively the working methods of the EU institutions within the council. We are looking at issues such as subsidiarity and the proportionality principles; the relationship between euro ins and euro outs; the role of the national Parliaments; how to ensure the effective and complete implementation of European Council decisions; and a more decisive push towards the simplification of EU rules.

On the issue of rights, a stronger role for the EU in the Mediterranean is paramount in order to prevent new tragedies there. Last July, the justice and home affairs informal council recognised that more solidarity among EU member states is needed and that the borders of each member state are to be considered as an EU border. We

have also appreciated the political endorsement of the start of a new joint maritime patrolling operation from 1 November this year—operation Triton—which will be led under the aegis of a strengthened Frontex agency.

The Italian presidency is at the forefront regarding human rights and fundamental freedoms, non-discrimination and gender equality. In our view, all those principles represent the cornerstone of the European construction. With that in mind, the Italian presidency has relaunched the negotiation on the scheme for the directive on non-discrimination, and important progress has been registered on the directive that is designed to improve the gender balance in Europe's company boardrooms. Furthermore, on 23 to 24 October, the Italian presidency will host in Rome the conference on the Beijing platform for action of the world conference on women. In November, Italy will inaugurate a week of rights to assess strategies targeting discrimination in Europe.

The third and final priority is a stronger and global role for Europe in foreign policy. Italy is convinced that only a stronger position for the EU on the global stage can help us to get out of the economic crisis. At the same time, economic growth has to be based on our shared European values, thus becoming a new model at international level.

Last July, the informal justice and home affairs council provided a follow-up to the results of the Mediterranean task force and stressed the key role of closer integration between the external and the internal dimension of migratory policies by strengthening dialogue with third countries of origin on the transit of migrants. The Italian presidency has scheduled three ministerial meetings at the end of November that will be devoted to migratory issues: the fourth Euro-African ministerial conference, with the participation of north-west African countries on migrations and development in the framework of the Rabat process; the joint conference of foreign and interior ministers; and the first ministerial conference of the Khartoum process with countries in eastern Africa. All those events will highlight the key link between migrations and development, as well as the key role of the relation between migrations, security and trafficking of human beings.

Italy also encourages the regional dimension of the EU neighbourhood policy and supports AMICI—a southern Mediterranean investment co-ordination initiative—which aims to rationalise European aid to the southern regions. The Italian presidency strongly supports the on-going negotiations on TTIP—the transatlantic trade and investment partnership—since trade and foreign

investments are an integral part of our strategy for external action.

As regards the comprehensive economic and trade agreement—CETA—with Canada, the debates promoted during the Italian presidency resulted in the conclusion of the negotiations in August and the presentation of the agreement at the EU-Canada summit on 25 September. We are also finalising partnership agreements with countries in western Africa.

Italy fully supports the High Representative of the Union for Foreign Affairs and Security Policy on the constant and coherent commitment with Asian-Pacific partners on all global and regional challenges. In mid-October, the Euro-Asia region will be at the centre of attention not only at the Asia-Europe meeting—ASEM—summit, which will be hosted in Milan on 16 and 17 October, but on the occasion of a number of other related events such as business forums, civil society meetings and cultural events. It will be a unique opportunity to promote the growth and development of the two regions and reinforce the dialogue on political and economic co-operation as well as social and cultural exchanges.

Finally, we will host expo 2015 in Milan, from May to October 2015. The Italian presidency is paying special attention to the issue of sustainable development. The main focus during the informal agriculture councils was the issue of food security and the possible positive synergies with Expo Milano 2015, the theme of which will be “Feeding the Planet, Energy for Life”.

That concludes my presentation, madam convener. Thank you for your attention.

The Convener: Thank you very much for that comprehensive account of the on-going work.

I impress on people the point that mobile phones should not be used in the committee room, because they interfere with broadcasting. I do not think that our broadcasting people like the buzz in their ears when phones are being used.

Ambassador, you mentioned many priorities. One of our focuses in Scotland is on youth unemployment, and I am sure that a number of my committee colleagues will go into that. You mentioned at the beginning of your presentation the meeting in Milan yesterday. We were looking to try to get an update on that, but we could not find anything concrete about it. I do not know whether you are in a position to give the committee an update on the purpose of the meeting yesterday and perhaps some of the outcomes.

10:45

Pasquale Terracciano: The purpose of the meeting was to take stock of progress in implementing the youth employment initiative. It was not a summit, but more of a high-level conference, because we do not yet have the final data of the interim report that is expected on the implementation of the initiative. It was a more theoretical stock taking of the experience so far.

In spite of the fact that major decisions were not expected, some interesting movement was registered. The youth employment initiative was launched with front-loading funds totalling €6 billion that had already been allocated in the budget. To apply the initiative to all young unemployed Europeans, we would need around €23 billion, if my recollection is correct, so we are short by €17 billion.

The way to fill that gap is to use national resources and to redirect structural funds such as the social fund. That poses a challenge for many European countries, because if countries match the European funds with national funds they will risk overtaking their growth and stability pact limits. I have been told that there has been a less marked division between the more fiscally orthodox countries and those countries that want to respect the goals but also want a degree of flexibility, because if they have to match funds for the European youth initiative they think that perhaps those funds should not be considered as part of the deficit, and that special consideration should be given. A solution did not emerge, but I am told that the debate was constructive, and there is now a general comprehension that, if we want those programmes to work and if we need to complement European funds with national funds, a degree of flexibility has to be considered.

The Convener: It is always a tricky balance. Many years ago, I used to run a project that was funded by structural funds, and it was difficult enough to get match funders, so I can understand that concern. Alex Rowley has further questions on that theme.

Alex Rowley: Thank you for coming along this morning, ambassador. The situation that you have described raises the issue of how to achieve growth as we come out of recession, and the difficulty of looking at growth and imposing austerity measures on countries. In the UK economy, austerity measures have had an impact on public services and jobs, and instead of reducing debt, our debt has actually continued to rise. Where is the balance between austerity and achieving economic growth?

Pasquale Terracciano: The line that has been taken by the Italian Government is quite clear; we are going to respect all the parameters and

obligations. For example, we will be keeping our deficit below the 3 per cent ceiling, so that we will be able to say that the rules should be reconsidered in a more flexible way.

We think that if we did not respect the present obligations, there would be a credibility issue. Some countries, in particular in the southern periphery of Europe, are reluctant to respect obligations. We say that we are going to respect obligations. That is costing us a deep recession—we are still in recession now. However, at the same time, that will give us the moral authority to say that we should reconsider some of the parameters that were set in a different Europe in different conditions.

You will know that we added further constraints with the fiscal compact. Italy has a balanced budget, because we have been running a primary surplus for the past 20 years and the deficit has been below 3 per cent. However, we should do more, because we have the legacy of the past. We have a huge debt, which is now 132 per cent of gross domestic product, although we have managed that huge debt. While other countries doubled their debt during the recession, ours went from 124 or 125 per cent of GDP to 132 per cent, so it was a marginal increase. Furthermore, that increase was due also to the facts that Italy contributed 17 per cent to the rescue programmes of other southern periphery countries and contributed to the setting up of the European stability mechanism.

Anyway, the fiscal compact says that, as of next year, countries should reduce by one tenth their debt to GDP ratio. Today, that would mean a huge fiscal adjustment equivalent to four percentage points of GDP. When the fiscal compact was conceived, the process of reduction of debt would have translated into a readjustment of 0.5 per cent, because it was calculated at the time that we would have 2 per cent inflation and 1.5 per cent growth. With that 3.5 per cent, we would have been left with an adjustment of only 0.5 per cent to reduce the debt in line with the fiscal compact. However, we now have deflation and no growth, so what was 0.5 per cent is now 4 per cent. Therefore, those earlier figures should perhaps be adjusted according to the changing economic reality. Again, it is a matter of credibility. We will respect the figures, but we make the case that they should probably be reconsidered.

Alex Rowley: You talked about the transatlantic trade and investment partnership. In Scotland and across the UK, there is concern about the implications of that agreement, especially for the national health service. There is a strong body of opinion that the national health service in Scotland and the UK should not in any way be included in

any such agreement, if one is reached. What is your view on that?

Pasquale Terracciano: The question implies that the private health sector will somehow be covered by the agreement. To my knowledge, here in Scotland you should be quite safe from that point of view, because the private health sector plays a very small role here. Nevertheless, in the agreement particular concerns can be taken into consideration. Italy has a different concern, which is protection of the geographic origin of products, and France has the cultural exception.

The way forward is to take into consideration all the local and national concerns, but without going so far as to engage in so-called carving out, which involves completely excluding a sector from the agreement. That is the way to empty the agreement, because everyone will just take a chunk out and put it aside. The agreement has to remain comprehensive, but each party can legitimately ask for a guarantee on specific issues of concern. Those guarantees can be fairly easily arranged.

Clare Adamson: Your opening remarks comprehensively set out the priorities. I was particularly struck by your commitment to human rights, which is of great concern to the committee. I welcome the fact that you mentioned the issue of gender balance on European boards. I should say that, earlier in the meeting, I mentioned that I was a little bit disappointed that the current cohort of commissioners does not have a gender balance, although I do not expect you to respond to that; it was just a comment.

I want to examine an area that is of great concern to us, as we face a UK election next year. There has been a rise in the polls, and in representation, of Europhobic parties, and the UK could be facing an in/out referendum on Europe. Scotland, traditionally, has been much more Europhile than the rest of the UK. Indeed, the Conservative member of this committee, who is not here today, is a Europhile, which makes him perhaps unique in his party at the moment. Given the situation that we are facing in relation to the general election that will soon be upon us, can you give us some practical examples of what help could be given in terms of your priority about European citizens' confidence in European membership, and what you can do to explain to citizens the benefits of European membership?

Pasquale Terracciano: On gender balance, as you know, the presidency has no role in forming the new European Commission. Any blame should be put at the feet of Jacqueline Minor's boss, Mr Juncker. It is, honestly, a very difficult issue. There are so many balances to strike—north and south, east and west, smaller countries and bigger

countries, left-wing parties and right-wing parties and so on.

It is a shame that gender balance was not at the top of the priority list but was just one of various considerations. I have always applied gender balance in the offices for which I have had responsibilities in my career, and the best colleagues I had were always ladies. When I was the chief of staff and private secretary to the Secretary of State for Foreign Affairs, I was the first one who got a gender balance in the private office. I also accepted that one or two women were going to go on maternity leave. That was considered to be a big scandal, because people do not normally give those extremely tough jobs to women who are going to disappear for a couple of months. However, I took the risk and I think that I was rewarded—the woman in question even worked from home, as she was grateful for having been included in the office.

11:00

On the issue of how to counter Europhobic movements in Europe, you can do many things regarding the institutions, the role of the European Parliament and national parliaments. However, the main issue is getting Europe to do what is important for European citizens. If we can show that Europe is playing a concrete and positive role in fostering growth and creating jobs, we will be answering the demand for security. What do our citizens ask institutions for? Security. They want economic security, in terms of growth and jobs, and more traditional security, in terms of borders, migrations, terrorist threats and all that. The effort now should be to get Europe back to the core business of responding to the demands that come from its citizens. For too long, we have been discussing issues such as austerity versus flexibility and the systems by which we select the President of the European Commission. That has been at the centre of our debate. Now, we have to find a way to put Europe in a condition to make a real contribution to growth and job creation.

Willie Coffey: I would like to carry on with the theme that Clare Adamson raised. You said that Italy's three priorities for the presidency were being job-friendly, being closer to European citizens, and strengthening the role of the European Union in relation to foreign policy. We could argue that the second priority could be most important, because of the issues that you have mentioned and the rise of Europhobic parties in the EU.

As we know, Italy is a founding member of the European Union, and is held in great respect in Scotland because of the role that it has played over many years. I certainly believe that Italy can play an important role in reaching out to citizens in

the EU. How can we connect more directly with citizens on the ground? If you look at the distance between citizens and government institutions, there is a greater distance between them and the institutions of the EU than there is between them and those of their own national Parliaments. How can we bridge that gap and bring the European Union institutions closer to ordinary citizens, so that they understand what is going on there and the benefits that the EU can deliver for ordinary people?

Pasquale Terracciano: The answer lies in reform of the EU. We should show that the European political class has understood that there is such a gap. For example, if you manage to give some concrete substance to the principles of attribution, subsidiarity and proportionality, you will create a better connection between the different layers of governance in Europe—the European, the national, the local and so on. Again, too many times we have had meetings in Europe where we end up having a talking shop and speaking about proportionality and subsidiarity but do not get to the drawing board to design something concrete. We end up agreeing that something should be done but no project comes out of it.

That connects to what I was saying before. The economic crisis, the recession and unemployment help us to focus our minds. Take the youth employment initiative, for example. As I said, it has been calculated that the cost would be €23 billion. However, if you do not apply the effort to make it real, the cost in terms of the benefits that will need to be paid and the loss of revenue that will occur because people are not working will come to €153 billion. Therefore, it makes economic sense to make the youth employment initiative real. To make it real, we need all the layers to work together.

Why should that work now when it has not worked for the past 20 years? It should work because citizens are really fed up. In my country, you can sense that people want change and are convinced that we need to change if we are to secure a future for ourselves and our children. That global focusing of the mind can make a difference and help to bridge the gap.

Willie Coffey: Living in Scotland and the United Kingdom, I see that the media—particularly the newspapers in the UK—are very hostile to Europe, and the population pick that up, which leads to some other circumstances that you mentioned. Is there a role for digital technology in reaching out to ordinary citizens in Europe to provide a counterbalancing positive message?

Pasquale Terracciano: I think so. At national and local level, we can use ICT to reach out to our citizens. We can make all administrative and even

judicial processes quicker and more transparent using ICT.

ICT is one of the three major legs of the connecting Europe project—the others are transport and energy. If we manage to make that project reality as quickly as possible, we will have better transport connectivity, more energy security and, certainly, less expensive energy for citizens and businesses. In addition, ICT can make the polity in Europe work better in general and it complements e-commerce, which is an important part of the single market.

The future of commerce is e-commerce. Right now, we have 28 different markets. We should make a single market. People would then be able to acquire goods and services at lower prices. If we achieved that, we could easily show that there is a good side to Europe and not only a negative side. The problem is that it is always easy to look at the negative. The press usually looks at the negative news and not the positive, so there should be an effort to shed light on the positive side of Europe. That could be achieved more easily through ICT.

Willie Coffey: That is encouraging.

My other question is on Italy's priorities and the digital single market that we are about to go into. Does Italy consider trying to flatten out the cost of mobile telephone charges throughout the European Union to be a priority? Those charges vary considerably. Is there a move from the Italian Government to do some work on that?

Pasquale Terracciano: Yes. We have proposed to abolish roaming charges throughout Europe, for example.

Oddly enough, we managed to create a single market for goods relatively quickly, but the service sector, which was more modern in a way and should have come first, is lagging behind. For once, southern Europe—if I may say this, as I come from there—has been first in the class, as we have been opening up our service industries completely.

Countries that we would not expect, such as Germany, have not opened up their service industries, and I think that they should do that. It is high time that Germany opened up its service sector, and that would create an imitation effect. All the countries that usually follow the German line would feel obliged to open up as well, and then they would have to invest. The service sector not being open, by definition, is not efficient. Opportunities would be created for other countries, because they could export services, but Germany's investment in its own market would also create demand and foster and promote growth, first at the German level and then at the European level. That would be a virtuous stimulus,

Rather than just deficit spending, there would be productive investment that would be in the enlightened self-interest of Germany itself.

The example of mobile phones is an important one, because it is less easy to explain to people that opening up the service sector will lead to cheaper insurance policies and a better service in the insurance sector, which is very closed in many countries. Speaking about mobile phones creates popular pressure, because people say, "I want to spend less. I don't want to pay roaming charges when I go on holiday in Spain or Greece. Why should I pay these outrageous bills when I know that, in the States, they pay a tenth of the amount?" Actually, mobile phones do not work very well in the States, but that is another story.

Willie Coffey: Thank you very much.

The Convener: Our final question of the day comes from Rod Campbell.

Roderick Campbell: I have three separate questions. First, there are pressures on the European Union from migration from outside, and human trafficking is an important issue. You referred to the three ministerial meetings. What is the European Union plan and what is the objective of the discussions?

Pasquale Terracciano: We wish that there was a clearer plan. To be honest with you, the truth is that we have been left quite alone to face the tragedy. We had 100,000 migrants arriving on Sicilian shores only this year, and to face that we have Frontex, an agency with limited means, so we had to create a national programme called *mare nostrum* to rescue migrants, who were drowning by the thousand in the Mediterranean sea.

We are pressing to persuade the European Union that there is an external border that is of common interest and should be managed at a common level. It should not just be the Italian navy that is patrolling. In fact, there is progress with the new operation Triton, which means that for the first time the Italian navy is not being left alone to tackle the issue and cope with the continuing tragedy.

We are working together on development aid, but what happens in the Mediterranean is the last phase of a process that starts in sub-Saharan countries, from where desperate migrants cross the desert to reach the Mediterranean shores and jump on the first boat in an attempt to reach Sicily. The people who traffic in human beings willingly use boats that will not be able to reach their destination but will probably sink in the Mediterranean sea, because then they just disappear.

Migrants are taken on board and brought to centres in Lampedusa, elsewhere in Sicily or Calabria—to southern regions of Italy.

11:15

We must work with the countries of origin—through the Rabat process, for example—to co-ordinate aid better and create economic opportunities and jobs in those countries, which discourages people from leaving their homes to look for a better future. In the transit countries, such as Libya, Tunisia and Algeria, persuasion is needed. Pressure from the whole of Europe is needed—Italy is not enough—to persuade those countries to make agreements with the United Nations High Commissioner for Refugees and create centres on the shores of those countries where people arrive. At such centres, people can be assisted with European funds and we can try to send them back to their homes, where we hope that development aid has in the meantime created opportunities for them.

Economic migrants could be distinguished from refugees who come from Syria and other areas of war, and applications could be dealt with in places such as Libya and Tunisia. People who received asylum could travel normally and safely to the country that was to receive them.

There are three aspects: the country of origin, where we must work together to create opportunities; the country of transit, where centres for migrants should be created; and patrolling of the Mediterranean Sea. It is not possible for just one country, with the occasional help of Malta or Greece, to cope with such a big issue. We are pressing other partners to make it a European priority. All political pressure is welcome to create awareness of the scale of the phenomenon.

Roderick Campbell: You mentioned Syria, which leads to my next question. As the president of the EU, is Italy taking a lead on the Islamic State and Syrian problems or is that not really registering on the radar?

Pasquale Terracciano: The United States has taken the lead. At the European level, we have a complementary role. This is a typical case in which having a single foreign policy is difficult, as countries have different national policies.

Italy supports the US action. We support the US politically in Syria and, with other European partners, we support its strikes in Iraq. We are not taking part in strikes, but we are doing refuelling, humanitarian aid and training. If there was general European participation, we would not be averse to considering military strikes in Iraq.

Roderick Campbell: I ask for clarification about TTIP, which we have talked about. Did you

suggest that, because the NHS is predominantly in the public sector, we should not have concerns about the impact of TTIP on the health service? Increasing elements of the NHS south of the border are private. I might have picked you up wrongly—will you clarify what you said?

Pasquale Terracciano: It is not for me to describe the state of the art in your health service. I know that the private sector has a greater role in England, but it is still marginal. I gather that the Scottish Parliament has competence over the health sector, so I think that you already have control of it. It is up to you to guarantee to your citizens their rights and to protect those rights. You are lucky enough to have this beautiful Parliament; you will certainly be able to protect your citizens' rights.

Roderick Campbell: I will leave that there.

The Convener: We have explored many areas. As you will have seen, ambassador, the committee is active and members take great pride in their role on the committee. On the committee's behalf, I thank you very much. I also thank all who were involved in last night's lovely concert, which we all enjoyed.

I close the meeting and remind colleagues to stay behind for the official photograph with the ambassador.

Meeting closed at 11:20.

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