

EEAC Work Programme, February 2008

EUR(3)-03-08(p2) Annex

During Committee on 7 February, Members agreed to consider further the following items on the Commission's 2008 work programme:

1. The Treaty of Lisbon – Subsidiarity

- Ratification of the Treaty is ongoing. On 5 March 2008, MPs voted against a referendum on the Treaty, the debate now moves to the House of Lords.
- The European Committee at the Scottish Parliament are following up an inquiry into scrutiny of European legislation, and have shown interest in developing a subsidiarity protocol between Westminster and the devolved legislatures.

2. Regional Policy

- Results of a Commission consultation on the Union's Cohesion Policy are expected during 'spring' 2008.
- The Commission intends to launch a consultation on territorial cohesion in September 2008.

3. CAP Health Check

- Legislative proposals are due in May followed by negotiations between Member States and the Commission. Adoption of the proposals is earmarked for November 2008.
- Welsh Assembly Government consultation closed on 28 February 2008.
- The Agriculture Council is expected to agree a formal opinion in March.

4. The Lisbon Strategy

- Commission officials to visit Whitehall in June to consider UK's initiatives.
- The Assembly Government is participating in the development of the UK's National Reform Programme (NRP) - due to be renewed in October 2008.

5. The Budget Review

- A Commission consultation on the EU budget is due to close on 15 April 2008.

Suggested items for Inquiry – Summer Term 2008

Given the potential for impact, and the immediacy of the issues at the European and UK levels, the following items lend themselves to further inquiry during the next term:

- Subsidiarity – work with Scottish Parliament and other UK legislatures to develop formal agreements with Westminster.
- CAP Health Check – Take evidence from the Minister for Rural Affairs on the outcome of the Assembly Government’s consultation exercise, and consider EC legislative proposals following publication in May.

1. Subsidiarity and Proportionality

The Treaty of Lisbon gives national parliaments greater scope to participate alongside the European institutions in the work of the union. A new clause sets out the rights and duties of the national parliaments within the EU. Amongst other things, it deals with their right to information and the way they monitor subsidiarity.

Article 3b(3)¹ reproduces existing Article 5 TEC² with one significant addition: **it includes regional and local government within the sphere of application of subsidiarity.** The Article does not prescribe how subsidiarity should be applied at sub-state level, but does not ignore this level, as the present Treaty Article does.

Article 6 gives national parliaments an eight-week period, as opposed to six weeks in the Constitution, to submit a “reasoned opinion stating why it considers that the draft in question does not comply with the principle of subsidiarity”. **National parliaments will be responsible for consulting regional parliaments on compliance.**

The Devolved Administrations

The devolved legislatures have long been interested in developments in the application of subsidiarity, but successive Intergovernmental Conferences until now have ruled out a Treaty base for its application at sub-State level³. The **Scottish Executive Minister for Europe, Linda Fabiani**, said, in a debate on 19 September 2007:

On many of the issues currently under consideration, the challenge to us following any ratification will be to ensure that the UK

¹ Under the principle of subsidiarity, in areas which do not fall within its exclusive competence, the Union shall act only if and insofar as the objectives of the proposed action cannot be sufficiently achieved by the Member States, either at central level or at regional and local level, but can rather, by reason of the scale or effects of the proposed action, be better achieved at Union level.

² Treaties Establishing the European Communities (TEC)

³ The Scottish First Minister, then Jack McConnell, set out the Scottish Executive’s views on subsidiarity in a speech in June 2002 on “The Future of Europe Debate: a Scottish perspective” at <http://www.scotland.gov.uk/about/FCSD/ExtRel1/00014768/page1239857280.aspx>

Government implements the treaty framework in a way that allows Scottish interests to be reflected properly. The same is true of this Parliament and its Westminster equivalent in relation to the new subsidiarity proposals. **I hope that this Parliament will be able to build a constructive relationship with Westminster to ensure that Scotland's voice is present in the operation of the new mechanism⁴.**

Rhodri Morgan made a statement on 18 July 2007 on the Lisbon subsidiarity provisions:

The period given to national parliaments to examine draft legislative proposals will be extended from 6 to 8 weeks (**we expect the UK Parliament to refer proposals that involve devolved responsibilities onwards to the Devolved Administrations and to take their views into account**). If a simple majority of the votes allocated to national parliaments contests a proposal on subsidiarity grounds, the Commission must withdraw it and reconsider against a specified procedure.

The European and External Relations Committee at the Scottish Parliament have been conducting an inquiry into the transposition of EU Directives⁵.

As part of this inquiry, the Committee have decided to look at, amongst other things; **how effective is the role of the Scottish Parliament within the transposition process; and what examples of good practice exist within other EU legislative regions.**

During a meeting of the Scottish Parliament's European and External Relations Committee on 5 February 2008, the issue of subsidiarity was discussed with Andrew Duff MEP⁶ (Lib Dem, East of England). In relation to the Treaty, Andrew Duff made the following statement;

A formal agreement between the Edinburgh and Westminster Parliaments is now essential. Among the 26 other member states,

⁴ SP 19 September 2007 col 855

<http://www.scottish.parliament.uk/business/officialReports/meetingsParliament/or-07/sor0919-02.htm>

⁵ An inquiry into the scrutiny of European legislation was carried out by EERC in 2005-2006;

<http://www.scottish.parliament.uk/business/committees/europe/reports-07/eur07-02.htm>

⁶ Andrew Duff MEP was one of three European Parliament representatives at the Intergovernmental Conference (IGC) which decided the content of the Treaty of Lisbon. He has also written the [True Guide to the Treaty of Lisbon](#)

plenty of examples exist of agreements between regional Parliaments with legislative powers and their national parliaments. **It will be interesting for the Committee to scrutinise those agreements and try to draw out some good practice.**

Scope for Committee work

The National Assembly for Wales is not directly involved in the ratification process which is a non-devolved matter. In any case, the EEAC at the National Assembly for Wales will not be in a position to consider, in depth, the ramifications of the new Treaty as they relate to Wales before the issue has been debated in the Houses of Parliament.

As highlighted above, the European Committee at the Scottish Parliament has already touched on the issue of subsidiarity and protocols surrounding parliamentary consultation. In particular, the Committee has highlighted an interest in developing protocols or formal agreements between the Parliaments (the UK Parliament and the devolved legislatures).

The aim of this inquiry would be to work with counterparts at the Scottish Parliament, Northern Ireland Assembly, House of Lords and House of Commons in developing formal agreements between Westminster and the devolved administrations following ratification of the Treaty. Such agreements would underpin consultations on European legislative proposals, and ensure that the National Assembly for Wales could effectively feed into the process of subsidiarity.

Evidence taking

Members may consider taking evidence from; Andrew Duff MEP and/or from officials at the Subsidiarity Monitoring Network at the Committee of the Regions.

The Committee may wish to investigate existing protocol between national and regional legislatures across the European Union;

2. Regional Policy

The Cohesion Policy aims at reducing the disparities between EU regions and helping them better use their economic and human potential to achieve sustained growth. Enlargement of the Union to 25 Member States, and subsequently to 27, presents an unprecedented challenge for the competitiveness and internal cohesion of the Union.

In terms of GDP, the EU has taken on an entirely new order across the regions since its enlargement to 27 Member States in January 2007. The

surface area of the EU has increased by over 25%, its population by over 20%, and its wealth by only 5% approximately. Average GDP per capita in the European Union has fallen by more than 10% and regional disparities have doubled. Since 60% of the regions whose development is lagging behind are in the 12 Member States which joined the EU in 2004, the centre of gravity of regional policy is shifting eastwards.

The Treaty of Lisbon provides for the concept of territorial cohesion to be applied alongside economic and social cohesion. The Commission has targeted **September 2008** for the launch of a Green Paper consultation on European territorial cohesion, with the aim of gaining a better idea of the way Member States understand and apply the concept. In addition, the Commission will look to initiate in-depth dialogue with member states on the issue and develop a common definition of territorial cohesion.

*Public consultation on the future of EU Cohesion Policy, September 2007
(now closed)*

During the *Fourth European Forum on Cohesion*⁷, on 27 September 2007, the Commission launched a consultation which sought responses to a series of questions relating to adaptation of the Union's cohesion policy and how to improve its delivery⁸.

The consultation closed on 31 January 2008 and took contributions from Member States, regions, cities, EU institutions, economic and social partners, civil society organisations, academics and citizens.

Initial results of the consultation will be presented in **Spring 2008**, together with the Fifth Progress Report on Economic and Social Cohesion.

Scope for Committee work

The Committee may wish to consider the results of the Commissions consultation on improving delivery of cohesion policy once published in Spring 2008 and the Green Paper in September. The Committee will benefit from regular updates, from the First Minister, on matters relating to regional policy.

⁷ Fourth European Forum on Cohesion;

http://ec.europa.eu/regional_policy/conferences/4thcohesionforum/index_en.cfm

⁸ Questions listed in the Consultation;

http://ec.europa.eu/regional_policy/sources/docoffic/official/reports/cohesion4/pdf/co_m_en.pdf

3. CAP Health Check

A Communication on the 'Health Check' of the Common Agricultural Policy (CAP) was launched on 20 November 2007⁹. The Communication marked the beginning of a six month consultation, which will result in legislative proposals from the Commission. The 'Health Check' is not a fundamental reform of the CAP; rather it aims to ensure that the CAP functions effectively and to simplify it where possible. This initiative arises from the review clauses regarding the Single Payment Scheme and certain agricultural markets that were included in the 2003/04 CAP reforms.

Following publication of the legislative proposals, expected in May, the Committee may wish to undertake an Inquiry into the proposals.

The Welsh Assembly Government has taken views from stakeholders over the last 2 months, to gauge reactions to the Commission's initial proposals, released in November 2007. These views will feed in at the UK level and will formulate part of the UK negotiating position.

The Agriculture Council is expected to agree a formal opinion on 17 March.

Once the legislative proposals are published in May, there will be negotiations between the Member States and the Commission. The aim is for the proposals to be adopted in November 2008.

Implications of the CAP Health Check for Wales

The proposals could have implications for the future of the CAP during the current programming period (to 2013). Whilst there will not be a fundamental reform of the CAP as a result of the Health Check, some proposed changes could have consequences for the Welsh countryside, for example;

- changes to modulation could result in changes to the amount of funds available for the RDP;
- any changes to the Single Farm Payment could affect the farming industry;
- amendments to Cross Compliance or set-aside requirements may have a negative environmental impact.

Scope for Committee work

An inquiry into this would be timely, given that the Welsh Assembly Government is also expected to consult on proposed changes to Axis 2 of the RDP, which includes the agri-environment schemes, the LFA scheme (Tir Mynydd) etc. These changes would be implemented in 2009/10 and could

⁹ Health Check of the Common Agricultural Policy, *Fit for new opportunities*, 20 November 2007
http://ec.europa.eu/agriculture/healthcheck/index_en.htm

result in adjustments to schemes such as Tir Mynydd which would have an impact on 80% of farmers in Wales.

The Committee could undertake an inquiry which would invite views on the legislative proposals. In particular, the Committee could assess how far the proposals reflect the priorities submitted by those who responded to the Assembly Government consultation, which is likely to include the farming unions and environmental groups.

The aim of the inquiry would be to:

- assess the implications of the proposals for the Welsh farming industry, rural development and environmental stewardship;
- scrutinise whether the Assembly Government has taken the views of stakeholders on board;
- make recommendations to the Assembly Government and UK Government to influence their negotiations, should concerns be raised during the inquiry

The Committee may want to take evidence from the Minister for Rural Affairs, Elin Jones AM, the farming unions, environmental groups such as Wales Environment Link. They may also want to invite views from MEPs sitting on both the agriculture and environment Committees of the European Parliament.

4. The Lisbon Strategy

The Lisbon Strategy is the EU's ten year strategy for making Europe "the most dynamic and competitive knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion, and respect for the environment by 2010"¹⁰. The strategy was reviewed and reformed in 2005 to focus on jobs and growth.

The Commission published a strategic report on the renewed Lisbon Strategy on 11 December 2007¹¹.

In 2008, as with previous years, the Spring Council will monitor the progress of the Strategy. Member States will be required to renew their National Reform Programmes (NRPs) in October, which set out plans for achieving shared EU objectives under the Lisbon Strategy.¹² The Commission has called on Member States to work with national and regional parliaments with a view to organising annual debates on the implementation of their NRPs. The Welsh Assembly Government contribute to the UK NRP.

The Commission published a report on each Member States' 2007 NRP in December 2007¹³, and will publish an annual progress report on the Lisbon Strategy in December 2008.

WAG involvement in the UK NRP

During Committee on 28 February 2008, the First Minister highlighted the Assembly Government's participation in developing the UK's NRP.

The First Minister also noted that European Commission officials will visit Whitehall in June 2008 to look at the UK's initiatives (under the Lisbon Strategy) and consider the progress that has been made.

Scope for Committee work

¹⁰ European Commission website on the Lisbon Strategy

http://ec.europa.eu/growthandjobs/index_en.htm

¹¹ European Commission Communication, *Strategic report on the renewed Lisbon strategy for growth and jobs: launching the new cycle (2008-2010)*, 11 December 2007

http://ec.europa.eu/growthandjobs/pdf/european-dimension-200712-annual-progress-report/200712-annual-report_en.pdf

¹² UK Government, Department for Business, Enterprise and Regulatory Reform, National Reform Programme website

<http://www.dti.gov.uk/europeandtrade/europe/promoting-economic-reform/uk-nrp/page25236.html>

¹³ European Commission Annual Assessment of National Reform Programmes, 11 December 2007

<http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/07/569&format=HTML&aged=0&language=EN&guiLan>

The Committee may wish to scrutinise the Assembly Government's role in developing the UK's National Reform Programme prior to its renewal in October 2008 and could ask for regular updates from the First Minister.

The Committee may wish to take stock of the Spring Council's recommendations.

5. **The Budget Review**

In May 2006 the EU institutions agreed that the Commission should undertake a fundamental review of the EU budget. An online consultation was launched by the Commission on 12 September 2007 to seek the views of interested parties at local, regional, national and European level¹⁴. The consultation is due to close on 15 April 2008. The Commission plans to present its budget review at the end of 2008/beginning of 2009.

The budget review will be complemented by preparatory action in key spending areas, including the Common Agricultural Policy (CAP) which will undergo a "health check" to fine tune the 2003 reforms and contribute to the discussion on future priorities in the field of agriculture

Scope for Committee work

The Committee may wish to undertake further work on the EU budget in relation to the Commission's proposals once these are published.

The Committee may also wish to receive regular reports from the First Minister on emerging proposals and the views of WAG on the future of the budget.

¹⁴ European Commission online consultation on the budget review
http://ec.europa.eu/budget/reform/issues/issues_en.htm