

COMMITTEE ON EUROPEAN AFFAIRS

Date **31 January 2001**

Time **9.00 am**

Venue **Committee Room 3, National Assembly Building**

Title : **Chair's Report**

Purpose

To provide an update on a range of issues arising since the Committee's last meeting.

Recommendation

Members note the content of the report.

Background

The Committee on European Affairs last met on 30 November 2000. A number of developments have taken place since then, and are listed below.

Nice Outcomes

Decisions taken at the European Council in Nice from 6 – 10 December 2000 pave the way for the expansion of the European Union. A paper setting out the key issues agreed and their possible implications for Wales is at Annex A of this report.

Council of Ministers

The Minister for Health and Social Services, Jane Hutt, became the first Assembly Minister to attend a Health Council on 14 December, contributing on behalf of the UK to a discussion on Nutrition as an aspect of health policy.

Other visits

Mike German, as Economic Development Minister, visited Brussels on 5 & 6 December to examine first

hand the scope for improved incentives for Welsh businesses in Wales' Objective 1 area. During his visit he met a number of Commission representatives and MEPs.

The Minister for the Environment, Sue Essex, visited Brussels on 18/19 December. She was due to attend the Environment Council, but following late changes to the agenda, her attendance was unnecessary. During her visit, she met officials from the Commission and the Wales European Centre, to discuss a range of environment and transport issues.

Andrew Davies, the Assembly's Business Manager, met senior Commission officials on 8 December to discuss E Europe.

Committee of the Regions

John Griffiths AM attended a Plenary session of the Committee of the Regions in Brussels on 14 December. .

Elin Jones AM attended an Agriculture Commission of the Committee of the Regions in Brussels on 16 January.

European Commission's Forward Work Programme

The Commission's work programme for 2001 is expected to be published in early February and can be considered at the next meeting of the European Affairs Committee in April.

White Paper on developments in the EU

The paper for the period January - June 2000 was published in November as CM 4922 and is on the Foreign and Commonwealth Office's website www.fco.gov.uk/eu It will be known in future simply as a "Government Report" and the UK Government is currently preparing its report on developments during the French Presidency during July to December 2000.

Wales European Centre

Tom Middlehurst AM has now replaced me as a Director of the Board of the Wales European Centre. He will exercise the Assembly's vote if necessary at any general meetings of the Centre. Val Feld AM is Tom's nominated alternate.

Tom attended the Centre's Board meeting on 11 December at the QED Centre, Treforest Estate, Pontypridd.

Secondments

European vacancies are being advertised regularly and candidates are being put forward. A number of Stagiare posts have been taken up by Assembly staff – for the first time two will start together in the near future.

Influencing European Union Policies

Work on highlighting the awareness and importance of EU policy issues across the Assembly is continuing. Following meetings between European Affairs Division, Group Directors and Heads of Division during September, October and November, a rolling programme of seminars and presentations is now planned. A seminar for officials with an EU policy aspect to their work, potential secondees to EU institutions and anyone with a general interest in Europe, was held on 29 November in Cathays Park. Future seminars will include speakers from EU institutions and other Government Departments. The programme will include a training seminar on European Directives, Designation Orders and Statutory Instruments.

Compliance

Standing Order 15 covers the Committee's activity. The Assembly office has been consulted and are content with the compliance aspects.

Financial Implications

There are no financial implications for the Assembly arising from the issues covered in this report.

Annex A

NICE EUROPEAN COUNCIL

Background

Nice was the culmination of the Intergovernmental Conference (IGC) which was mandated to complete institutional preparations for enlargement.

The IGC concentrated on three main issues –the reweighting of votes in the Council of Ministers, the size and composition of the Commission and the possible extension of qualified majority voting.

The agreement reached at Nice on a new draft Treaty removes institutional obstacles to enlargement of the European Union (EU). The way is now clear for the accession of the Central and Eastern European candidates, the three Baltic States, Cyprus and Malta, once they have successfully completed their negotiations and can satisfy the obligations of membership.

The Foreign Secretary has told Parliament that the aim is to bring the Treaty forward for ratification in the UK as soon as possible

Vote reweighting

The Nice Treaty reapportions the voting weight of existing and prospective Member States from January 2005. It adds two further tests: any proposal must have the support of a simple majority of Member States, and of 62% of the EU's population

This is considered a good deal for the UK. It increases its voting power in the Council from 10 to 29 votes. It enhances the UK's influence relative to the medium and small countries (for example, before, the UK had three times Denmark's voting power, now it has four). It ensures that the three largest Member States (ie including the UK) will still be able to block decisions in an EU of up to and including 27 Member States.

The overall package on vote reweighting and the size of the Commission is designed to respect the interests of all Member States, while at the same time ensuring that the structure of the EU is ready for the accession of the candidate countries

The size and composition of the Commission

Nice agreed that there should be one Commissioner per Member State from 1 January 2005 (ie the next Commission). It also agreed that, once the EU reaches 27 members, the Commissioners will be capped at a level (unspecified at the moment – for later negotiation) below 27, with equal rotation for all Member States (again, to be negotiated). The President of the Commission and the list of Commissioners will be chosen by qualified majority voting (QMV).

A smaller, streamlined Commission should be able to carry out effectively the tasks set for it by the Member States. The UK was prepared to give up one of its two Commissioners in order to achieve this objective (having been compensated by vote reweighting).

Qualified Majority Voting (QMV)

The Nice Treaty provides for more QMV (in 31 Treaty Articles) in areas where this is in the UK's interests. For example :

- in the European Court of Justice's procedures, where this will make for more efficient operation

of the Court

- from 2007, on Structural Funds matters where this will help advance the UK's reform agenda and good accounting practice
- for trade in services and industrial policy, where UK businesses will benefit
- on appointment, where QMV will speed up decision-taking and encourage appointment on merit

The UK has preserved its veto on specific, key issues – tax, social security, defence, own resources, border controls (where its opt out from Amsterdam remains unaltered) and Treaty changes.

- The rationalisation of those areas of the Treaty where decisions should be taken by QMV will help ensure that business is conducted as smoothly as possible in an enlarged EU. The UK Government however took the view that there are certain issues, such as Treaty changes, own resources, defence, tax and social security, where it is right that unanimity should be the rule, so that national governments and parliaments can continue to take decisions.

There are no significant implications for Wales in respect of the extension

of QMV to any of the issues agreed at Nice.

Enhanced co-operation

New arrangements agreed at Nice make it easier for smaller groups of at least 8 Member States to move forward together in particular policy areas. At the same time, there is a provision allowing a Member State to seek discussion by the European Council of any proposal for enhanced co-operation which it might consider would seriously affect its interests. The provisions also say explicitly that the new arrangements are not to be allowed to undermine the Single Market, or concern areas of exclusively Community competence, eg competition policy. They will not apply to defence.

The extra flexibility is likely to be necessary in an enlarged Union. The UK would often want to participate in enhanced co-operation, to tackle specific problems which may not affect all Member States. But enhanced co-operations will remain a last resort. They will be open to all Member States who wish to participate, and those who do not will not be discriminated against.

Allocation of seats in the European Parliament

The Nice Treaty agreed a ceiling for the number of MEPs of 732.

The UK will have 72 MEPs in EU27 compared with 87 now, (ie a reduction of just over 17%). The total of existing Member-states' MEPs under this arrangement falls from 700 to 535.

An initial redistribution will take effect for the 2004 – 09 term of the European Parliament and take

account both of those 535 MEPs but also include MEPs from those Member States which have signed accession treaties by 1 January 2004.

If the total of MEPS from existing and newly-admitted Member States is less than 732 for the 2004 - 2009 term, a pro-rata correction (i.e. an increase) will be applied to the number of representative elected in each Member State, so that the total number of MEPs elected in 2004 is as close as possible to 732. This means in practice that, even if **all six** of the "first wave" of applicant countries are in by 2004, the UK will only lose around 4 seats (ie go from 87 to 83 MEPs), because the UK's total of 72 will be "corrected" upwards.

In the longer term a reduction from 5 to 4 Welsh MEPs seems likely. Wales' population is 5% that of the UK as a whole and 5% of 72 is just under 4 MEPs.

The UK's number of seats on the Committee of the Regions and ECOSOC is not affected and, therefore, Wales' allocation of seats will stay the same. In an EU27, there would be 344 seats on each Committee, with the UK continuing to be entitled to a delegation of 24.

Post Nice

Nice agreed that a further IGC should be convened in 2004 (see attached declaration). The next IGC will address Treaty changes aimed at enhancing the EU's democratic legitimacy and transparency (thereby bringing it closer to ordinary citizens) and undertake a review of the status of the EU Charter of Fundamental Rights

This IGC will be prepared by means of a wide-ranging debate, launched by the Swedish and Belgian Presidencies in 2001, involving representatives of national parliaments and wider public opinion (and associating candidate countries). Those applicants which have concluded their accession negotiations will participate in the IGC; those who have not, will be invited as observers.

The UK government has signified that it is content with the principal issues which will be discussed (and which were largely set out in the Prime Minister's speech to the Warsaw Stock Exchange in October) :-

- delimitation and monitoring of competence between the EU and Member States, reflecting the principle of subsidiarity;
- simplification of the Treaties to make them easier to understand, without changing their meaning; and
- addressing the role of national parliaments in the EU

It has welcomed the fact that the next IGC will be prepared by a process which will involve the public directly. On the status of **the Charter of Rights**, the UK government considers it should remain a

political text and is resolutely opposed to its incorporation in the Treaties.

(Annex iv of Treaty of Nice)

DECLARATION ON THE FUTURE OF THE UNION

TO BE INCLUDED IN THE FINAL ACT OF THE CONFERENCE

1. Important reforms have been decided in Nice. The Conference welcomes the successful conclusion of the Conference of Representatives of the Governments of the Member States and commits the Member States to pursue the early and successful ratification of the Treaty of Nice.

2. It agrees that the conclusion of the Conference of Representatives of the Governments of the Member States opens the way for enlargement of the European Union and underlines that, with ratification of the Nice Treaty, the European Union will have completed the institutional changes necessary for the accession of new Member States.

3. Having opened the way to enlargement, the Conference calls for a deeper and wider debate about the future development of the European Union. In 2001, the Swedish and Belgian Presidencies, in cooperation with the Commission and involving the European Parliament, will encourage wide-ranging discussions with all interested parties; representatives of national Parliaments and all those reflecting public opinion; political, economic and university circles, representatives of civil society, etc. The candidate States will be associated with this process in ways to be defined.

4. Following a report to Göteborg in June 2001, the European Council, at its meeting at Laeken/Brussels in December 2001, will agree on a declaration containing appropriate initiatives for the continuation of this process.

5. The process should address, inter alia, the following questions:

how to establish and monitor a more precise delimitation of competencies between the European Union and the Member States, reflecting the principle of subsidiarity;

the status of the Charter of Fundamental Rights of the European Union proclaimed in Nice, in accordance with the conclusions of the European Council in Cologne;

a simplification of the Treaties with a view to making them clearer and better understood without changing their meaning;

the role of national Parliaments in the European architecture.

6. Addressing the above-mentioned issues, the Conference recognises the need to improve and to monitor the democratic legitimacy and transparency of the Union and its institutions, to bring them closer to the citizens of the Member States.

7. After these preparatory steps, the Conference agrees that a new Conference of the Representatives of the Governments of the Member States will be convened in 2004, to treat the above-mentioned items in view of the related Treaty changes.

8. The Conference of Member States shall not constitute any form of obstacle or pre-condition to the enlargement process. Moreover, those candidate States which have concluded accession negotiations with the Union shall be invited to participate in the Conference. Those candidate States which have not concluded their accession negotiations shall be invited as observers.
