

European & External Affairs Committee

Minutes

Date: 25 March 2004

Time: 09.00

Venue: Committee Rooms 3 & 4, National Assembly Building, Cardiff Bay

Attendance:

Members

European & External Affairs Committee:

Rosemary Butler (Temporary Chair) Labour: Newport West

Nick Bourne Conservative: Mid and West Wales

Christine Chapman Labour: Cynon Valley

Tamsin Dunwoody-Kneafsey (substitute) Labour: Preseli Pembrokeshire

Mike German Liberal Democrat: South Wales East

Christine Gwyther Labour: Carmarthen West and South Pembrokeshire

Ieuan Wyn Jones Plaid Cymru: Ynys Mon

Rhodri Morgan Labour: Cardiff West

Rhodri Glyn Thomas Plaid Cymru: Carmarthen East & Dinefwr

Standing Invitees

Janet Royall European Commission Office in Wales

Janet Davies AM Committee of the Regions

Invitees

H E Janis Dripe	Latvian Ambassador to the UK
Charles Garrett	Team Leader - Enlargement and Wider Europe, EU Directorate, Foreign and Commonwealth Office
Tony Deyes	Country Director, British Council Wales
Chris Ricketts	Director, Wales Arts International

Officials

Gary Davies	Head of European & External Affairs Division
Des Clifford	National Assembly for Wales' Brussels Office

Secretariat

Claire Bennett	Committee Clerk
Lara Date	Deputy Committee Clerk

Item 1 - Introductions, apologies, substitutions and declarations of interest (09:00)

1.1 The Committee Clerk briefly took the Chair to inform the Committee that its Chair, Sandy Mewies AM, was unable to attend the meeting and invited nominations for a temporary Chair under Standing Order 8.17, which stated that every Committee shall have the power to appoint a temporary Chair in the unavoidable absence of the Chair. Nick Bourne AM nominated Rosemary Butler AM as Temporary Chair and the Committee supported the nomination. Rosemary Butler AM took over as Temporary Chair.

1.2 The Chair welcomed everyone to the meeting. Apologies had been received from Jonathan Morgan AM and Sandy Mewies AM; Tamsin Dunwoody-Kneafsey AM was attending as a substitute for the latter. Apologies had also been received from standing invitees Jill Evans MEP, Jonathan Evans MEP, Glenys Kinnock MEP, Eluned Morgan MEP, Eurig Wyn MEP, and Rose D'Sa (ECOSOC). Cecile Chong was attending as an observer on behalf of Glenys Kinnock MEP and Eluned Morgan MEP.

1.3 Janet Davies AM was present as a Committee of the Regions standing invitee and made a declaration of interest regarding WEFO issues covered in paper 2, as her daughter was currently undertaking consultancy work with WEFO.

Item 2 - Minutes of the previous meeting and matters arising (09.05-09.10)

Papers:

EUR(2) 03-04(min) - Minutes of 26 February meeting

EUR(2) 03-04(p1) - List of issues emerging from discussion of reform of regional policy

EUR(2) 03-04(p2) - Sources of information about European funding

EUR(2) 03-04(p3) - Details of twinning and other co-operation initiatives

2.1 The minutes of the previous meeting were ratified.

2.2 With regard to the reform of regional policy, it was noted that point 2.29 of the minutes encapsulated the key issue of whether the UK Government's regional policy proposals would mean more or less money for Wales. Members asked the First Minister if it was now possible for officials to provide indicative figures of what the European Commission's proposals might mean in monetary terms and what the UK Government's proposals of a 'top-up' guarantee would mean under the Barnett formula. The First Minister had asked officials to prepare a grid of the possible consequences if the UK Government's lobby to keep the post-2007 proportion of Member State commitment appropriations at 1.0 per cent of EU GNI was successful. It would also show indicative figures if the ceiling was agreed at 1.1 per cent, or 1.2 per cent. If it was assumed that the Common Agricultural Policy (CAP) and Research and Development (R&D) funding remained fixed, figures could be extrapolated about the possible headroom for funding of regional policy out of the overall budget. It was agreed that Members would receive this information in advance of the plenary debate on cohesion policy that was currently scheduled for 5 May.

2.3 Paper EUR(2) 03-04(p01) was a summary of previous Committee discussion of regional policy for Members' information. The Committee would return to the subject again in the future. Members agreed to inform the Committee Clerk if anything was missing from that summary.

2.4 There were no comments on paper EUR(2) 03-04(p02) which had been requested at a previous meeting for Members' information.

Paragraph 12 of paper EUR(2) 03-04(p03) stated that information about links between educational establishments in Members' constituencies was available to be read in electronic form. The data would be e-mailed to Committee Members.

Action point:

- Members would be provided with a grid showing indicative figures for the impact on cohesion

policy funding under the EC Commission and UK Government proposals according to various financial ceilings that might be negotiated for the overall EU budget. The information would be made available in advance of the plenary debate on cohesion policy.

- The Committee would be e-mailed the electronic data on overseas educational links referred to in EUR(2) 03-04(p03).

Item 3 - Minister's Report (09.10 - 09.30)

Paper: EUR(2) 03-04 - Minister's Report

3.1 The First Minister made the following additions to his written report:

- The organisers of the St David's Day event in Brussels were to be congratulated. It had moved to a better venue in the Bibliotheque Solvay and had been very successful with almost 400 people attending. The event had featured a tasting of the new Welsh whisky labelled 'Penderyn'.
- Talks had been held with the Agent-General of Quebec, George R McLaren, on devolution arrangements in Wales. The Agent General had a powerful status at the foreign policy level relative to the size of the province. Building a good relationship was important because of bilingualism. Young people in Quebec experienced cultural pressure to switch from their first language French, to English. The Committee discussed language issues and success of initiatives to support minority languages. There was scope for exchange with Quebec on language, culture and economic development issues.
- The First Minister would be attending the Sustainable Development conference in Cardiff that morning. It was an important event with delegates from across Europe. The Environment Minister of North Rhine-Westphalia had attended and the 'Red-Green' coalition in that region was noted - interesting issues had arisen concerning the conflict between federal and state-level politics.
- The First Minister had attended last week's Joint Ministerial Committee (Europe) where the forthcoming Spring Council meeting, and the Working Time Directive had been discussed. The UK and other Member States were lobbying to avoid serious effects of the opt-out ending in August and for the reversal of the European Court of Justice judgements. There was likely to be a delay between agreeing the way forward and bringing in any legislative changes to the Directive, because of the European Parliament elections and the appointment of a new Commission. This would leave the way open to legal challenges, for example by junior doctors in the NHS. It was worth noting that more on-call systems were in operation in rural Wales than in other parts of the UK. The UK Government's lobbying of other Member States to agree to a change in the legal definition of 'working time' seemed to be having success, but with support from other Member States dependent on the UK stopping its lobby for a continuation of the opt-out. The Committee would consider its response to consultation on changes to the Working Time Directive at Item 6.
- Six Member States were believed to currently support the UK proposal to limit the financial budget to 1.0 per cent. The UK would also wish to see France and Germany agree to keep CAP stable until 2012. If it was successful with both then regional aid would suffer.

- Manfred Beschel, European Commission official from DG Region C1, had previously told the Committee that there was more enthusiasm for Commission proposals among regional assemblies and parliaments and members were interested in discussions on this issue with the Scottish First Minister. The First Minister believed that he took the same line in accepting that if the UK Government was successful in recruiting other Member States to a 1.0 per cent budgetary limit then there would not be so much room for following the European Commission proposals. They were trying to follow progress and look at the breakdown between Structural Funds, CAP and R&D, and the chances of the UK recruiting other Member States to its proposal to repatriate regional development. He was of the same view that the UK was not finding recruits for this, but in the next six months a new Commission and European Parliament would be appointed and the picture should be clearer by November.

3.2 It was agreed that additional time to discuss the Minister's report would be helpful.

Action points:

- The Minister's report would be given additional time on the agenda in future.

Item 4 - Countdown to Enlargement (09.30 - 10.32)

4.1 The Committee discussed enlargement with His Excellency Janis Dripe, the Latvian Ambassador to the UK, and Charles Garrett from the Enlargement and Wider Europe section of the Foreign and Commonwealth Office's EU Directorate. The key points in the Ambassador's presentation were:

- The Ambassador was very pleased to be working in co-operation to build links between Latvia and Wales as the countries had much in common. Enlargement would bring improved security and welfare for citizens and enthusiastic new countries were entering the Union. Latvia would enter with 7.5 per cent GDP growth last year and the expectation for next year of over 7 per cent growth. It had low inflation and mounting investment and was working with Wales and other partners in accordance with the Lisbon agenda.
- EU integration policy was the priority for Latvia. People there were motivated to learn English and exchange between Latvia and Wales on language issues was very important.
- The new neighbourhood policy was very important. Regional instability was a danger. Latvia would soon join NATO and hoped never again to face a security challenge alone. Globalisation and the threat of terrorism were both issues for the enlarged EU. Latvia's links to Ukraine, Moldova and Belarus were important as it could help import democracy to its neighbours.
- There were many challenges ahead for Latvia and for Wales, including CAP reform, the financial perspective and regional policy. Co-operation on these issues of common interest was very important.

4.2 Charles Garrett worked in the Foreign and Commonwealth Office (FCO) EU Directorate that was

responsible for FCO input on all EU matters. 'Enlargement and Wider Europe' referred to the EU's relationship to immediately neighbouring countries on its Eastern border, the Balkans and Russia. The key points in his presentation were:

- The accession states had already been active observers to EU proceedings for some time. Ongoing negotiations with Romania and Bulgaria were being pushed ahead with the hope to close by the end of 2004 before treaty signing in 2005 and accession in 2007.
- The other current candidate, Turkey, was in the process of domestic reform to meet the Copenhagen Political Criteria, in order to start negotiations without delay, ie early in 2005. The Turkish Government had made a lot of progress with several major reform packages passing through Parliament in the past 18 months. Reforms were needed in policing, religious freedom, minority language rights, freedom of the media and the judicial framework. Cyprus was a side issue that did have an impact on domestic reform and therefore on candidacy. Negotiations towards a united island had moved to Switzerland and the UN Secretary General would step in to fill in gaps where agreement was not reached within the next two weeks, before moving to a referendum. The timetable was for reunification before 1 May.
- Croatia and Macedonia had applied for candidacy and the European Commission opinion on Croatia's application was due to be published in April. Other Balkan states had been told they had a future in the EU if they wanted it and met the criteria. Article 49 of the Treaty on European Union does not define any geographical limits to joining although there is considerable scepticism about whether the EU can invite its Eastern neighbours, such as Ukraine and Belarus, to join.
- The UK Government viewed enlargement as having an overwhelmingly positive impact. Membership of the EU was a powerful policy tool: money, peace, stability and quality of life were key benefits. It ensured the UK had a level playing field for its business - over half of UK exports were to the EU - and according to most studies UK GDP was likely to experience a one-off boost over ten years of close to £2 billion.
- There was also a geo-political imperative post-Cold war to 'reunite' the continent. Of the ten accession states, ten years ago six of them did not exist, one had been at war and three had been part of the former Soviet Union. None of the countries on their outer borders had existed - the new post-Cold war entities had come into being peacefully.
- Quality of life would improve. Better environmental controls would mean a cleaner Europe. Weight of opinion was significant in relation to initiatives like the Kyoto Protocol. Spreading best practice in environmental protection was about creating a critical mass by all Member States striving to improve. The fight against illicit drugs would also benefit as the new countries lay on the European trafficking routes. Eighty per cent of heroin entering the UK came along these routes, and co-operation to combat trafficking would be very important. Migration control would also benefit from the wider co-operation.

4.3 Janet Royall of the European Commission office in Wales gave the Commission perspective on enlargement.

- She noted that it had been the mission of the Prodi Commission to bring about enlargement and

that there should be pride that it was coming about.

- It did not end on 1 May. The Commission would be looking to its new neighbourhood policy and monitoring implementation of EC law in the new Member States.
- The accession countries should be saluted for the enormous changes they had made over the past ten years, some of which had been painful and should not be under-estimated.
- The enlarged EU would be the biggest global market and a force for the good. There had been a failure to take everyone on the journey towards enlargement but it was important to have EU citizens on board. If Turkey was recognised as a future member there would be work ahead to convince the public there that this was a good thing.

4.4 Members and the presenters then discussed some of the issues raised:

- Latvia had undergone a painful transition with new laws adopted on language and education. Tremendous reform had been started and was ongoing. From September Latvian would be the main language for the education system, in a country with 29.4 per cent Ethnic Russian minority. The dialogue with Russia on this had been interesting but with help from the EU and the OSCE mission in Latvia the laws were carefully scrutinised and educational reform was now in place.
- The nature of the EU 25 would be different. It was misleading to think of this only in terms of attitudes to things like the war in Iraq or against terror or of an 'old Europe' versus a 'new Europe'. Whilst new Member States have a different historical view they are bought into the idea of European unity and in an EU 25 there will be a multiplicity of views, often amazingly different views between Member States with a shared history, for example the Baltic States. Estonia and Latvia might tend to identify with Nordic countries, and the Czechs have strong trading links with Germany, but they would not necessarily share the same views. It will be necessary to build up groups of like-minded Member States to push policy through. In the case of CAP it was true that the previous policy could not exist beyond enlargement.
- The Latvian Ambassador believed some kind of regionalisation would take place. The Baltic and Nordic region would have some common interests, the same in Southern Europe and Central Europe. Latvia took a Nordic, pragmatic approach to membership. It wanted to be a full member on CAP reform, the Euro, membership of Schengen etc. The British-Irish Parliamentary body had just completed a report on regionalisation of British-Irish areas of the EU based on the Baltic and Nordic Councils' experiences. A copy of the report would be circulated to Members.
- Latvia's politicians had been clear that it should join the EU and NATO but it was realised before referenda that the Latvian public were very Euro-sceptic and work was needed to change that. It was hard for elderly people in particular, to accept change when welfare levels were not very high. It was a challenge but the Latvian referendum turnout was good with 80 per cent participating and 67 per cent voting in favour.
- Since independence Latvia had moved from a transitional currency to a national currency that had been stable and it expected to join the Euro on 1 January 2008. The Ambassador said no problems were foreseen with that, as the financial institutions and banking systems were prepared. Members noted that all 10 new countries intended to join the Euro, and the UK would be among 3 out of at least 25 Member States outside the Euro zone. The EU Directorate would

write to the Committee with an assessment of the impact this might have on the UK.

- There was discussion of how an enlarged EU could drive co-operation to tackle ethnic conflict such as that in the former Yugoslavia. In the past conflict had been brought under control by NATO rather than EU intervention. A larger EU family might mean a new approach and the proposed common EU foreign and security policy was a step in that direction, but the EU did not have NATO's military capability. Latvia saw NATO as more of a security umbrella than a shield. As a smaller Member State it could not stay alone, particularly without the power of a great economic resource such as oilfields or a unique banking sector. Latvia had a lot of minority ethnic groups but had achieved independence in a peaceful and democratic way. It had benefited from good minority policies from the 1920's and 1930's. It was in close co-operation with Balkan countries already, such as Croatia, and was exporting its own experience of moving to democracy. Exchange of ideas with parliamentarians from other countries was important and it was happy to participate in this process.
- The FCO noted that care was needed in relation to some parts of Europe where joining the EU was less of a motivation because it was still a distant prospect, such as Albania. In the meantime stability pacts and other measures were important for countries to feel the benefits of closer co-operation before enlargement. The signs were good for Croatia and Macedonia.
- It was noted that Latvia had the paradoxical situation of a relatively low average standard of living but a high number of educated and skilled people, and a low birth rate. The low birth rate was true across the EU and the Ambassador felt that while some people might chose to go abroad for periods, Latvia had a dynamic economy and would be able to retain its skilled graduates. This skilled labour force was 4-6 times cheaper than elsewhere in the EU and was a reason to attract Welsh and UK companies to do business there. For the next 5-10 years this would be to Latvia's advantage, but it was forecast that in 10-14 years it would achieve the EU average GDP. Movement of some skilled people from the accession countries to current Member States would be of benefit to the latter.
- The enlarged EU would have more, smaller, Anglophone Member States the size of Wales and Scotland, and challenged the traditional alliance of the larger core Member States of the original economic Union, France and Germany. English was now used more than French in EU business and there was a lot more coming together to discuss and agree proposals before working groups took policy forward. While taking steps to encourage use of French in EU business, France was a strong supporter of enlargement so far. There were signs it wanted to look more carefully at future enlargement.
- The Committee was grateful for the informative presentations and looked forward to 1 May. Committee of the Regions representatives also looked forward to meeting their Latvian counterparts.

Action points:

- The British-Irish Parliamentary Body's report on regionalisation within the EU would be circulated to Committee Members.
- The Committee would receive more information from the EU Directorate on its assessment of the impact on the UK of an enlarged EU 25 with a majority of Member States in the Euro zone.

Break: 10.32 - 10.52

Item 5 - Presentation by the British Council (10.52 - 11.46)

Paper: EUR(2) 03-04(p05) - Background information on the British Council

5.1 The Chair welcomed Mr Nic Vandermiere, Representative of the Government of Flanders to the UK, as an observer of the meeting and invited him to join the Committee at the table.

5.2 The Country Director of the British Council in Wales, Tony Deyes, and the Director of Wales Arts International, Chris Ricketts, discussed their organisations' activities with the Committee. The main points of their presentations were:

- The British Council's commitment to devolution was set out in its policy in the detailed background paper. The British Council was the principle agency for cultural and educational exchange, and promoting the diversity of the UK was important to its work. It aimed to promote and deliver the distinctive contributions of Wales to the UK as a whole, including areas where Wales excelled, such as in community arts. The Foreign and Commonwealth Office was its principle sponsor with an annual grant of £164.2 million, and a concordat set out lines of responsibility. Officials from devolved administrations were represented on its advisory committees - the two Assembly officials were Richard Davies, Head of the Training and Education department and David Pritchard, Head of the Economic Development and Transport group.
- Training and spreading the message in the UK was important, also meeting people being posted to its 110 offices overseas. The British Council held events in Wales, such as regional team meetings, meetings of Country Directors and seminars and meetings on issues such as governance and science. Events were delivered overseas, and in Wales, for target audiences on topics such as curriculum development, social inclusion and the information society and IT, bridging the gap between asylum seekers and host communities, and on the draft EU Convention and the regions. Forthcoming seminars were planned on science, environment and technology.
- Two-way visits and exchanges were organised. These included a recent visit to Wales from a group of Korean students, and a number of researchers from the Cardiff School of Journalism had attended an overseas seminar to share their experience. The British Council promoted overseas students coming to Wales to study as it was both culturally and economically enriching.
- Resources for the British Council in Wales' work were limited and it counted on partnerships to strengthen that work. An example was a performance of the Manic Street Preachers in Cuba. Within Wales its partnership with the Arts Council had created 'Wales Arts International' - to deliver Welsh arts overseas and ensure overseas artists came to Wales. A similar project for a 'Wales Science International' was being developed. Wales had particular strength in the

popularisation of science, for example through Techniquest and an MSc on the subject at the University of Glamorgan. It aimed to gather the science constituency together in an umbrella 'Royal Society' body for conferences and as a forum. A 'Wales Science International' would be a vehicle for outreach work overseas. The Assembly's Chief Technology Officer and the Principal of the University of Wales College of Medicine were involved in considering the proposal.

- Other partnership examples included work with the Higher Education Funding Council for Wales and the Welsh Tourist Board to promote English language teaching and tourism, and Welsh language projects in Canada and Patagonia with the Welsh Language Board and the Assembly.
- Assembly members were involved in many British Council activities. Rosemary Butler AM was a member of Assembly's British Council All Party Group and the group had supported the development of the Chevening Scholars scheme for 30-40 internships with the Assembly each year. A reception for this year's scholars would take place in June. Cross-party discussion had led to the idea of students going on to 2-3 week attachments with Welsh companies relevant their area of study, such as the Western Mail and Echo or the Welsh Development Agency (WDA). A Korean student who had worked for the WDA had gone on to a career in broadcasting in Korea and had later returned to Wales to make a film about the development of Cardiff Bay.
- A current visit by eight Vice Chancellors of Universities in Iraq would help them with emerging democracy issues and might encourage future Iraqi students to study in Wales. The group was interested in an overview of what the UK had to offer. In Wales they were looking at science and environment-based studies and also language issues in relation to the Kurdish minority, and would visit Aberystwyth University. A group of Russian educationalists were also due to visit the following week. 'Soft' cultural exchange activities, such as a visit by a Welsh pipe band to Libya, played a role in strengthening diplomatic relationships in the longer-term.
- The British Council celebrated its 70th anniversary in 2005 and it was hoped to have a link with the National Eisteddfod in Llangollen that had originally been started by a British Council official. Neil Kinnock would be taking over as the new Chair of the British Council from 1 November and it was hoped that he would join celebrations in Wales.
- Wales Arts International had been set up in 1997 and aimed to encourage collaboration and set up links between Wales and other countries across all art forms. The British Council had a wide remit on the arts that included video games, all performance arts and all strands of literature. The Arts Council for Wales had a narrower remit and Wales Arts International bridged the gap. It had a small team of four people and so worked strategically on funding projects in key geographic areas of interest. It was trying to develop relationships with the new EU member states. Two Welsh poets were currently in Estonia and the British Council office in the Czech Republic would focus on Wales in 2005. It was also building relationships with Croatia, Russia and the EU 'Four Motor Regions'. There were limited links with Hungary so far through poetry, but the Hungarian Government was actively promoting itself and a big festival in September 2004 would hopefully include a Cardiff focus. The relationship with Quebec was also important - the current 'House' project at Chapter Arts Centre was already sold out. There was a growing artist-to-artist link.
- Art links gave people something to remember Wales by. Publications included the 'Imaging Wales' booklet that gave a snapshot profile of 40 contemporary visual artists. Similar work was done to promote writers and performance artists.

- Future plans included a group of Welsh writers attending the Prague Book Fair, the Slovenian British Council office focusing on Wales with a "Modernising Heritage" seminar, and a sculptural art event in Chicago. The Quebec programme would continue with 2-3 major projects planned in the next 12 months. Wales Arts International worked with the Assembly's External Relations department and Wales Trade International on events, as culture was recognised as a powerful tool to promote Wales. The organisation's website was the main source of further information about its activities: www.wai.org.uk

5.3 The main points raised in discussion were:

- Science policy for Wales was important and Member encouraged closer co-operation between the British Council in Wales and the Assembly Committees for Economic Development and Transport and Education and Lifelong Learning.
- To help deliver information on Wales through British Council offices the organisation had signed an MOU with the Welsh Books Council. Visitors to British Council libraries could order from a catalogue of books about Wales and take-up would be monitored. The library with the greatest take-up would receive a visit from a Welsh writer or poet. Websites were also an important promotional tool. The British Council was encouraging its offices to subscribe to the New Welsh Review and other key Welsh periodicals.
- By comparison with promoting the devolved administration in Scotland, Wales had the advantage of less strong cultural stereotypes to counteract. It was noted that it was easier to have an impact in smaller countries such as Estonia than in larger ones.
- Members acknowledged their own role in using their visits overseas as a fact-finding and promotional exercise and ensuring they visited the local British Council office, which was most people's first stop for information on Wales and the UK.
- Lack of exhibition space was a factor in promoting visual arts in Wales. Promotion of visual arts throughout Europe was very much focused around London but initiatives such as a Welsh presence at the Venice Biennale and the Artes Mundi exhibition were important to engage people. The latter helped by showing the commitment in Wales to showing the best of the world. Wales Arts International was also in discussion with Welsh gallery curators on how they networked internationally and co-commissioning of exhibitions.
- The European and External Affairs division received a lot of support from the British Council and worked together to distribute promotional material overseas. More could be done in this respect, but prioritisation of budgets was an issue and it might be necessary to explore subsidising the cost of materials.

5.4 The Committee had found the British Council presentation very informative and useful. It was agreed that Wales Trade International and the external relations section of the Welsh Development Agency would also be invited to a future meeting to speak about their external relations activities

Action points:

- The Committee would invite Wales Trade International and the external relations section of the Welsh Development Agency to a future meeting to speak about their external relations activities.

Item 6 - Scrutinising EU Legislation (11.46 - 11.55).

Papers:

EUR(2) 03-04(p6) - List of European legislation

EUR(2) 03-04(p7) - COM(2003) 843 final (Working Time Directive)

EUR(2) 03-04(p8) - Summary of views expressed on the Commission communication about the Working Time Directive

6.1 Members noted the documents. The third cohesion report was among the documents deposited since the last meeting and would be debated in plenary on 5 May. Other Committees may wish to consider the report, and the debate would be well-informed by the summary of views of the European and External Affairs and Economic Development and Transport Committees set out in paper EUR(2) 03-04(p01).

6.2 The Economic Development and Transport Committee had discussed the Working Time Directive at its last meeting. The Chair of that Committee, Christine Gwyther AM, said that most Members supported the principles behind it and noted how the long hours culture could reduce businesses' efficiency due to the effects of stress. Long hours should not be a principle of business, but at the same time the Committee recognised that the NHS and fire service relied on on-call workers, and it was hard to criticise people who wanted to work long hours to get a business off the ground. It noted the UK's position to retain the opt-out and if this was reduced it should be done in a phased way. It was important to work with the unions and TUC to promote good working practices. People who opted out should understand that they could opt-in again at any point.

6.3 Members agreed that there were some broad areas of agreement and the four bullet points in paragraph 25 of paper EUR(2) 03-04(p08) were a good starting point for preparing a response that would be circulated to Members before being sent to the Commission.

Action points:

- The 3rd cohesion report and paper EUR(2) 03-04(p01) outlining the European and External Affairs and Economic Development and Transport Committees' views on cohesion policy would be brought to the attention of all Committee Chairs for consideration prior to the 5 May plenary debate on cohesion policy
- Members' Research and Committee Services would co-ordinate a response to the consultation on the Working Time Directive and circulate it for Committee Members' comments before submission to the European Commission by the 31 March deadline.

Item 7 - EU co-ordination in the Assembly (11.55 - 12.05)

Paper: EUR(2) 03-04(p9) - EU co-ordination

7.1 Gary Davies, Head of the European and External Affairs Division (EEAD), commented on the paper that set out the arrangements for coordinating EU matters. EEAD had a coordinating role and divisions took the lead role for their policy areas, for example with transposing directives. EEAD ensured that transposition was carried out on time. It worked with the Cabinet Office EU Secretariat under the concordat rules. The weekly meetings between the head of the Secretariat and the head of UKRep were attended by EEAD or other policy division officials when relevant items were on the agenda. The forthcoming UK Presidency would mean taking on the coordinating role for Wales. It was also noted that the resources available to the Assembly through its office in Brussels had been significantly increased. The extra staffing had only been in place six months but was already making a difference across policy areas.

7.2 Progress on the proposal for tripartite agreements had been moving forward primarily through the Environment Division, for example in relation to work on waste policy, but it was currently in a state of limbo at European level. The proposal had been included in the White Paper on governance but had lost momentum because it became tied up in progress on the Convention, and probably would not gain momentum again until the ICG had concluded. Members regretted the lack of progress.

7.3 There was discussion of the perspectives of regional governments on regional policy. Regions that would lose out under the UK proposals supported the European Commission's proposals - in particular the former Lander of the former East Germany that were currently in receipt of Objective 1 but had no prospect of the equivalent of the guarantee being offered to Wales by HM Treasury. This was true of other countries too. The dilemma was on negotiating tactics of the UK Government as there was not as much support for repatriation as there was support for limiting GNI to 1.0 per cent. It was hard to foresee a regional policy as generous as the Commission was proposing if the budget was limited. There was a recognition that savings would have to come from somewhere and there was no appetite among Member States to go back on the CAP deal, or to revisit R&D budget, which in any case was not large enough to give the necessary savings. Only Structural Funds could provide the headroom. Germany and France were sympathetic to capping the budget but not to repatriation which left them with a policy dilemma to reconcile.

Item 8 - Update from Committee of the Regions (COR) members and MEPs (12.05 - 12.08)

8.1 There had not been any COR plenary meetings since the last European and External Affairs Committee meeting - the next would be in April. The next meeting of the Commission for Territorial

Cohesion would be in early May.

8.2 Rosemary Butler AM had attended a meeting of the COR bureau in Dublin. A suitable venue was needed to accommodate future meetings of the enlarged COR. The European Parliament building would be big enough, but there were concerns about this building being used by both bodies.

8.3 Rosemary Butler AM would circulate two papers from the Dublin meeting - on social inclusion and local partnerships with civil society and sustainable corporate social responsibility - to members.

8.4 It would be useful for the Committee to receive more information about the work of the British-Irish parliamentary body. Assembly Members were involved in its three sub-Committees, and it had a European Committee. Peter Kellam in the Presiding Office's Overseas and External Relations team was responsible for co-ordinating Assembly involvement in this body and would be asked to provide a paper on its recent activities for the Committee to consider at a future meeting.

8.5 Following the Committee's discussion of the impact of an enlarged EU with an enlarged Euro zone, Members asked for an update on the work of the Euro Preparation Committee. This information could be included in the First Minister's Report.

Action points:

- Rosemary Butler would circulate COR papers to Committee Members.
- The Committee would receive a paper with more information on the work of the British-Irish parliamentary body to consider at a future meeting.
- The First Minister would include an update on the work of the Euro Preparation Committee in his report to the Committee.

The meeting closed at 12.08.