

EUROPEAN & EXTERNAL AFFAIRS COMMITTEE

Date: 1 July 2004

Time: 09:00 am

Venue: Committee Rooms 3 and 4, National Assembly for Wales

Title: **EC Work Programme 2004 Mid Year Progress**

Purpose

1. This paper is to inform Members about progress on the European Commission's work programme and to relate these to the Assembly's policy agenda during the same period. This paper should be read as complement to the paper setting out the Commission's Work Programme for 2004 presented to the European and External Affairs Committee on 4 December 2003.

Background

2. 2004 is a year of change for the EU. Ten new members were admitted on 1 May so that, in a generation, the organisation has grown from 6 to 25 members. A new, larger European Parliament has been elected. The Committee of the Regions has grown to absorb new Members. The Constitutional Treaty hovers.
3. A number of Commissioners have left Brussels prematurely to return to national politics (Barnier, Diamantopoulou, Solbes). These have been replaced by temporary appointments and ten Commissioners from the new members are working as understudies in existing portfolios before the whole Commission is re-vamped in October/ November.
4. Inevitably, a sense of transition pervades the institutions and this sense will remain for the rest of the year. Even when the new Parliament and Commission are formally up and running together it will take some time for new political dynamics to emerge. Notwithstanding these major changes, business continues to be done on what was in any case a relatively light Commission work programme for 2004. Gridlock has largely been avoided as a result of sensible planning and the more tightly focussed dialogue between the Commission and other institutions that has been a feature of recent years. This has gone a long way towards eliminating surprises and maintaining continuity despite institutional flux.

The Commission Work Programme Mid Year 2004

Economic Development

5. The Commission set out broad proposals for a new Structural Funds regime in the Third Cohesion Report (February) which was debated at the Cohesion Forum in May. The First Minister addressed the Forum and several committee members attended. In brief, some EUR 336b would be ear-marked for cohesion for 2007-13 divided among three new objectives: Convergence, Competitiveness and Employment, and Co-operation.

6. In a Communication published in February, the Commission proposed a financial perspective (a budget, in plain language) set at 1.14% EU GNI. Six powerful Member States (the so-called B6), including the UK, have called for the budget to be capped at 1% GNI.

7. The guidelines on state aid for rescue and restructuring expire in November 2004 and DG Competition, not the Council, will adopt a new regime. New rules will mean that "compensatory measures" must be taken by firms in receipt of rescue and restructuring aid to offset the effects of competitive distortion.

8. A consultation paper proposing reform of the regional aid regime was published in April. The Commission wants to achieve consistency between state aids and the new cohesion regime post 2006 while bringing about an overall reduction in aid levels across the EU. A draft proposal is expected in the autumn.

9. Currently under negotiation in Competitiveness Council is the Draft Directive for Services in the Internal Market. This aims to remove barriers to trade in the internal market for services. The UK strongly supports the Commission although this complex legislation is unlikely to reach final agreement before the end of 2005.

Agriculture

10. The May Agriculture Council failed to agree Commission proposals to protect animals in transport by limiting the time that animals would be kept in vehicles, providing adequate ventilation and drinking. The dossier will pass to the incoming Dutch presidency but the measure is unlikely to be reintroduced during the near future.

11. A deal was reached on CAP reform of the Mediterranean Package for partial decoupling of olive oil, tobacco, cotton and hops.

12. The introduction of a single Rural Development fund encompassing resources from EAGGF (including Objective One) and Leader remains the most important unresolved issue. The Commission has yet to agree its own position resulting in delayed publication of proposals, now expected in

September.

13. The Commission has published a report on beef id and labelling of beef products that has received first reading at the Special Committee for Agriculture. The report follows on from regulations on tracibility of fresh, chilled and frozen beef and veal introduced during the BSE crisis.

Health & Social Affairs

14. The Commission has adopted three Communications aimed at encouraging co-operation among Member States to raise standards of accessible, quality healthcare: Patient Mobility and Healthcare; Communication on extending the open method of co-ordination on healthcare and long-term care and a Communication on an e-Health Action Plan.

15. The Council and European Parliament have approved the creation of a European Centre for Disease Prevention and Control to provide a systematic approach to the control of communicable diseases and other health threats. It will be located in Sweden and should be operational from 2005.

16. Review of the Working Time Directive is on-going, complicated by the SiMAP/Jaeger judgements. The Commission has issued its second phase consultation paper for social partners.

17. As part of the Lisbon process, the Commission presented its first annual report to the Spring European Council on gender equality. It noted significant improvements in the rate of female employment while calling for greater effort to promote gender equality.

Governance

18. As part of its commitment to improved consultation with local and regional authorities the Commission held an inaugural session of "structured dialogue" between the Commission and representatives from national and trans-national regional organisations. President Prodi convened this meeting in May in Brussels. The First Minister attended representing the UK devolved administrations.

Education, Culture and Youth

19. The Commission agreed with Member States the Interim Report on Education and Training 2010 charting progress towards common objectives relating to the Lisbon process of making the EU the most competitive knowledge based economy in the world. The Commission published outline proposals of funding programmes in the fields of education, youth and culture in March. Work progresses on the detail of these programmes and the final size of the budget is bound up with the wider discussion on EU financing for 2007-13.

20. Welsh organisations have shown enthusiasm for these programmes. For example, around half of all Welsh schools are involved in the Comenius school exchange programme. Separately, the Assembly/

ELWa are bidding for support under the Leonardo vocational training programme for a transnational project on credit transfer.

21. Implementation of the Youth White Paper continues. The Commission has published proposals on common objectives for volunteering and increasing the understanding of young peoples' needs.

22. Two documents have been published under the European Employment Strategy: Strengthening the implementation of the European Employment Strategy and the Employment Guidelines and recommendations. The overall intention is to ensure the co-ordination of member states employment policies. On the basis of annual Guidelines each member state draws up National Action Plans which are then assessed by the Commission and another member state as peer review. The Commission then reports on how Member States have implemented EES and provides both common and specific recommendations.

23. The European Social Fund Regulation and the European Regional Development Fund Regulation are expected for publication imminently.

Information Society, Innovation, Research and Energy

24. The EU 15 all submitted their national broadband strategies to the Commission by March which enabled the Commission to produce a report analysis policy trends on broadband across the bloc. It shows that broadband availability rates doubled between 2002-03 and describes the important role of competition in promoting this.

25. The patenting of computer-implemented inventions directive, aiming to harmonise existing national laws, is under negotiation between the Council and Parliament.

26. The Emissions Trading Scheme will operate from the start of 2005. Member States had until 31 March to submit draft National Allocation Plans setting out allowances for industrial, transport and energy sectors and/or by installation. The Commission will evaluate proposals and Member States will confirm final versions by September.

27. An EU Action Plan on Innovation issued focussing on enterprise and covering all sectors, technological and non-technological. The Assembly Government will respond to the consultation. The Commission also issued an Environmental Technologies Action Plan with eleven priorities. These range from developing performance targets for key products to financial instruments to encourage investment in environmental technologies through to measures to encourage the uptake of environmental technologies via public procurement. In the UK, DEFRA has issued proposals for next steps to which the Assembly will respond.

28. Protracted negotiations on the Framework Directive on Energy Using Products look set to continue into the new Dutch Presidency, as do proposals making up the energy infrastructure and security of

supply package.

29. A report on Framework programme for research and development (FP6) is due in June and this will feed into the Commission's developing position on the Lisbon objective of boosting capacity for research and innovation across the EU.

Environment

30. A brisk approach to environmental legislation has been maintained and the following proposals have been agreed during the first half of 2004:

- Directive amending the establishing of a scheme for greenhouse gas emission allowance trading within the Community, in respect of the Kyoto Protocol's project mechanisms
- Directive on environmental liability with regard to the prevention and remedying of environmental damage;
- Directive on limitation of emissions of volatile organic compounds due to use of organic solvents in paints and varnishes;
- Regulation on persistent organic pollutants;
- Regulation concerning Financial Instrument for the Environment;
- Directive relating to arsenic, cadmium, mercury, nickel and polycyclic aromatic hydrocarbons in ambient air.

31. The Commission and the forthcoming Presidency will aim to advance during the second part of the year the dossiers on Waste Shipments, Groundwater, Mining waste, Fluorinated gases and REACH (stricter control of harmful chemicals). The Commission also be looking for progress on discussion around the first three (soil, waste and pesticides) of seven thematic strategies planned under the Sixth Environmental action programme (2002- 2012).

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First Minister