

Cynulliad Cenedlaethol Cymru
Y Pwyllgor ar Faterion Ewropeaidd ac Allanol

The National Assembly for Wales
The Committee on European and External Affairs

Dydd Mercher, 29 Tachwedd 2006
Wednesday, 29 November 2006

Cynnwys
Contents

[Cyflwyniad, Ymddiheuriadau, Dirprwyon a Datgan Buddiannau](#)
[Introduction, Apologies, Substitutions and Declarations of Interest](#)

[Cofnodion y Cyfarfod Diwethaf a Materion sy'n Codi](#)
[Minutes of Previous Meeting and Matters Arising](#)

[Reijo Kemppinen, Pennaeth Cynrychiolaeth yn y DU, y Comisiwn Ewropeaidd](#)
[Reijo Kemppinen, Head of Representation in the UK, European Commission](#)

[Adroddiad y Prif Weinidog](#)
[First Minister's Report](#)

[Y Diweddaraf gan Aelodau Pwyllgor y Rhanbarthau](#)
[Update from Members of the Committee of the Regions](#)

[Eluned Morgan ASE](#)
[Eluned Morgan MEP](#)

[Jill Evans ASE](#)
[Jill Evans MEP](#)

Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynndi yn y pwyllgor. Yn ogystal, cynhwysir cyfieithiad Saesneg o gyfraniadau yn y Gymraeg.

These proceedings are reported in the language in which they were spoken in the committee. In addition, an English translation of Welsh speeches is included.

Aelodau o'r Cynulliad yn bresennol: Nick Bourne, Rosemary Butler, Jeff Cuthbert, Michael German, Christine Gwyther, Ieuan Wyn Jones, Sandy Mewies (Cadeirydd), Jonathan Morgan, Rhodri Morgan (y Prif Weinidog), Rhodri Glyn Thomas.

Swyddogion yn bresennol: Phillip Bird, Pennaeth Ysgrifenyddiaeth Polisi'r UE; Anna Daniel, Pennaeth Swyddfa UE, Cynulliad Cenedlaethol Cymru; Gary Davies, yr Is-adran Materion Ewropeaidd ac Allanol.

Eraill yn bresennol: Jill Evans, Aelod o Senedd Ewrop; Reijo Kemppinen, Pennaeth Cynrychiolaeth yn y DU, y Comisiwn Ewropeaidd; Andy Klom, Pennaeth Swyddfa'r Comisiwn Ewropeaidd yng Nghymru; Eluned Morgan, Aelod o Senedd Ewrop.

Gwasanaeth Pwyllgor: Chris Reading, Clerc; Abigail Phillips, Dirprwy Glerc.

Assembly Members in attendance: Nick Bourne, Rosemary Butler, Jeff Cuthbert, Michael German, Christine Gwyther, Ieuan Wyn Jones, Sandy Mewies (Chair), Jonathan Morgan, Rhodri Morgan (the First Minister), Rhodri Glyn Thomas.

Officials in attendance: Phillip Bird, Head of EU Policy Secretariat; Anna Daniel, Head of the National Assembly for Wales EU Office; Gary Davies, European and External Affairs Division.

Others in attendance: Jill Evans, Member of the European Parliament; Reijo Kemppinen, Head of Representation in UK, European Commission; Andy Klom, Head of European Commission Office in Wales; Eluned Morgan, Member of the European Parliament.

Committee Service: Chris Reading, Clerk; Abigail Phillips, Deputy Clerk.

Dechreuodd y cyfarfod am 9.01 a.m.

The meeting began at 9.01 a.m.

Cyflwyniad, Ymddiheuriadau, Dirprwyon a Datgan Buddiannau Introduction, Apologies, Substitutions and Declarations of Interest

[1] **Sandy Mewies:** Good morning, colleagues. We are quorate now and can start the meeting. I welcome all the Members and our standing invitees here today, and extend a particular welcome to Mr Reijo Kemppinen, once again, who is head of representation in the UK for the European Commission. We will be hearing from him later.

[2] I have a couple of announcements: headsets are available for simultaneous translation and sound amplification and the translation is on channel 1. If Members or presenters experience any difficulties with the microphones or the headsets, they should inform the deputy clerk, who I am told can fix them in a jiffy. I ask everyone to turn off their mobile phones, their BlackBerrys and any other electronic devices. In the event of an emergency, an alarm will sound and the ushers will direct everyone to the nearest safe exit. As far as we know, there are no tests today, so, if there is an alarm, please take note of it.

[3] We have had apologies from Nick Bourne, who, I understand, will be late, and Jonathan Morgan will perhaps have to leave early. Is that correct, Jonathan? I see that it is.

[4] Standing invitee Janet Davies has also apologised, as have the Members of the European Parliament, Jonathan Evans and Glenys Kinnock.

[5] Members have been given European brief No. 16, which the Members' research service has provided for us, for which I thank it. That includes a summary of EU business that has been considered by other committees since our last meeting. At this juncture, I should tell you that the Welsh Centre for International Affairs has invited me, as the Chair of this committee, to join its board of trustees. I am happy to accept this invitation if the committee is content for me to do so, but if the committee would prefer to consider it and perhaps appoint someone else, I am easy about that—it is up to you.

[6] **Jeff Cuthbert:** I suggest that you are nominated.

[7] **Christine Gwyther:** I will second that.

[8] **Sandy Mewies:** Thank you.

[9] The clerk has submitted the committee's response to the Committee of the Regions regarding the second subsidiarity test and you should all have that with your minutes. There is an explanation of the procedures that were gone through. I do not know whether you have any comments to make on that, Chris. We have copied it to the chairs of the European scrutiny committees of the House of Commons, the House of Lords and the Scottish Parliament. A report on the outcome of the test should be available during spring.

[10] With that we will move to item 2 on the agenda, unless anyone has a declaration of interest to make. I see that no-one does.

9.03 a.m.

**Cofnodion y Cyfarfod Diwethaf a Materion sy'n Codi
Minutes of Previous Meeting and Matters Arising**

[11] **Sandy Mewies:** I ask that we agree the minutes of the meeting held on 25 October. You have a clear list of the matters arising. I see that you are content.

[12] The clerk tells me that we have had the Oxfam Cymru information on the areas of Wales that have implemented education for sustainable development and global citizenship from Rhodri Griffiths. That should have been circulated to all Members.

*Cadarnhawyd cofnodion y cyfarfod blaenorol.
The minutes of the previous meeting were ratified.*

9.04 a.m.

**Reijo Kemppinen, Pennaeth Cynrychiolaeth yn y DU, y Comisiwn Ewropeaidd
Reijo Kemppinen, Head of Representation in the UK, European Commission**

[13] **Sandy Mewies:** Welcome again to Reijo Kemppinen, who is head of representation in the UK for the European Commission. I ask you to give us a brief oral update on the position as it now stands. We would appreciate that.

[14] **Mr Kemppinen:** Thank you very much. I really appreciate this opportunity to say a few words about the commission's work programme in the UK for the next year, and, more particularly, about the intentions of the representation in the UK. First, insofar as the whole of the commission is concerned—there are many ways to describe this, but I can put it in two words—the commission's work programme next year is about 'delivery' and 'reform'. It is about delivery in economic and social reform, and about migration flows, energy policy, and the environment. Those are the key issues that will define many of our actions and legislative initiatives next year. The first of those initiatives will come forward on 10 January. Immediately after the new year, the commission is due to adopt a huge energy review package that will tackle the issues that are most imperative for our European economies: opening up markets, and creating a genuine European energy policy, including external damage.

[15] On reform, it is clear that, by the second half of next year, European Union member states will have to look again at questions relating to the union's institutional nature. Whether they like it or not, that cannot be postponed much further, should we want to have an institutional settlement by the time of the next European Parliament elections in 2009.

[16] Insofar as the representation of the UK is concerned, I would not hesitate to admit that, if it were only for me, I would focus on delivery only, and not talk about the institutional questions at all. All the evidence that we have at our disposal shows that people in this country want to know—if they want to know about the EU at all—what the EU means for them in their daily lives. In that respect, our aim in the representation is to focus on only a few key policy priorities, which are climate change, energy policy, environmental issues at large and individual security—not in terms of defining individual policies, but from the individual's point of view, whether we are talking about migration, terrorism, or organised crime.

[17] The second point, which is also an underlying emphasis in all our actions, is trying to answer the question, 'In all these policy issues, what is in it for me?'. It is about bringing European Commission actions and initiatives, and EU policies, down to the level of the man on the street, and trying to explain why EU actions need to be taken in certain areas, what the impact of those actions are, and what impact they will have on the individual. Again, this is based on the scientific evidence from research that we have conducted extensively through the years. It shows that, across the board, there is a lack of trust in political institutions. The only positive thing that can be said about trust in the EU and its institutions in this country is that it is not notably lower than trust in national political institutions; the only institution that people seem to trust even less is the national press. However, I take little pleasure in that. It is fed by a lack of knowledge, when it comes to the European Union. Again, the United Kingdom is not an exception in its lack of knowledge; the rule is that there is a lack of knowledge across Europe when it comes to the EU and its policies.

[18] On a more concrete level, we have three sets of key initiatives that we would like to see through by the end of 2007 in the whole of the country. First, in terms of political issues, we are piloting several projects for the whole commission, where we are trying to further develop the idea of local consultation on policy initiatives. It is about trying to organise and set up, in co-operation with different stakeholders and other interested parties, seminars and conferences across the country, shadowing and immediately following commission initiatives, with a view to informing decision making in Brussels better than has been done previously.

9.10 a.m.

[19] Secondly, in our outreach work with the regions and the regional offices, there are two important aims. The first is that, over the years, the commission has helped to set up and fund a wide number of networks that, one way or the other, deal with information and communication. There are networks that are funded for the purpose of informing business, for example, the European Network for Small and Medium-sized Enterprises Research; there are also library-centred networks, other kinds of networks, and the latest innovation, Europe Direct. From our point of view, the problem has been that these networks are barely visible; people do not know that they exist, and therefore they certainly cannot use their services, even though we emphasise that the networks are there to provide impartial advice and information rather than propaganda. So, our aim in that respect is to make these networks perform better together, and to give them proper operational support and advice—which will come from London and Brussels, because, again, this is a project that we are piloting from the UK for the whole of the commission.

[20] The second aim of the outreach work concerns structural funding. The discussion on the level of structural funding, which is in decline, is naturally important, but, at the same time, from my point of view, it is also important to emphasise that this decline was not brought about by the commission, and it certainly was not the wish of the commission in the first place. The decision on the level of structural funding was taken by the member states, and this particular member state certainly did not want an increase in overall funding. So, we will live with what we have, and we have devised a programme framework that, in our view, is more efficient than before. The question of the visibility of individual projects and of funding as such, in my opinion, is not a question of promoting the European Union; it is a question of acknowledging the fact that, if people do not know where their money goes, how can they possibly trust the institution that provides that funding? During 2007, together with regional offices and official institutions, we will set up a network of communication officers, with a view to enhancing the visibility and publicity of structural funding in the UK.

[21] Thirdly and finally, when it comes to our media work, we would like, together with our regional offices, and with the very professional and competent people that we have in the regions, such as Andy here, to increase our activities with local and regional radio in order to try to answer people's questions on European-Union-related issues more openly, and as frequently as possible.

[22] In short, I think that there should be enough work for 2007.

[23] **Sandy Mewies:** Thank you very much, Reijo. I know that you have taken time out from your busy schedule to be here today. We always appreciate Andy's attending as a standing invitee, and we have always appreciated the input we have had from the commission, which informs this committee and its forward work programme.

[24] If you have the time, would you mind taking some questions? I know that you are busy today.

[25] **Mr Kemppinen:** That is fine.

[26] **The First Minister:** It is a long-standing problem that there are two kinds of European issue: one is of interest to the chancelleries of Europe, and the other is important to the citizens of Europe. Apart from among the occasional anoraks, and I suppose members of this committee might fall into that category, there is very limited interest in questions of the treaty, the constitution, or institutional affairs. However, there is a lot of interest, certainly in Wales, in issues such as structural funds, and so forth. How should recipient areas—such as west Wales and the Valleys, and to a more modest extent, east Wales too—approach this question of communicating the benefits of EU structural funds? Two thirds of Wales, or even three quarters on some counts, benefit from these funds. What should recipient areas do, and what do you do, to try to get a clear, unified message across?

[27] **Mr Kemppinen:** It is an important question that you pose. I think that, in the company of politicians, I can use two names to try to explain how we could do this better: Jamie Oliver and John Lennon. The fact is that the framework of funding for 2007 and 2013 is different from the previous framework in many respects, and not only because of the nature and scale of the money; it is also different because Brussels, as a central funding organisation, will know less than ever before about these individual projects. All that information is now within member states. Secondly, it is important because, when you look at how the money is dispensed, you see that it is usually in the hands of people who are extremely good and competent at project management. For the sake of the taxpayer, so it should be. However, those people are hardly professionals in communication. Quite often, as we have all seen, they do not have much knowledge about needs at the political level.

[28] Our main problem is a lack of planning. Decision-making on what to do with individual projects to make them more visible and public is another thing. We could discuss that on an individual basis, case by case, if we had more of a common knowledge of when these individual projects will be launched and completed, and when they will go through different phases of their development. At present, we do not have that knowledge; it is so decentralised that not even all regional organisations seem to have that knowledge any longer.

[29] The names of Jamie Oliver and John Lennon are important because they are good examples. With the help of structural funds, Jamie Oliver opened a restaurant in Cornwall, which employed cooks straight out of school who would otherwise be unemployed. He got major publicity across the country, but not a single person knows today that the money came from structural funds. I do not think that Jamie Oliver has anything against that; it is just that the thought never occurred to anyone.

[30] Liverpool John Lennon Airport is going through renovation, which should be completed some time next year. We do not have a planning mechanism to decide together whether we stage an opening ceremony at which local, regional and even national politicians can be present—I know that Geoff Hoon would give his left arm to be in a picture that includes 'John Lennon' together with his name. My point is that there is a shared political interest for political decision-makers in this country and also for us. It just takes a little more planning.

[31] **The First Minister:** My understanding is that it is an obligation to put some sort of sign up to say, 'This was partially funded by the European Union'. However, a sign is not a communication strategy. The issue is to try to get away from just concerning oneself with a sign and to get a total communication strategy of the theme, and what is meant to be achieved by European structural funds. It is much more complicated than just making sure that there is a sign.

[32] **Mr Kempinnen:** I totally agree. The signs are important but, then again, we will not get to build so many roads or public buildings during the next programming period. It is very difficult to post signs on intellectual property projects, for example. So, we have to be a bit more intelligent than that. There are means to do it, but we must pay attention not only to the amount of money in the project concerned, but also to other features that might make it important and interesting to people.

[33] **Sandy Mewies:** I am surprised by what you have said. We all saw the Jamie Oliver programme, but I certainly did not have any idea about the European input, and I do not know whether anyone else did. I am assuming that it is not just the job of the commission or the union but of everyone involved to make sure that this sort of thing is known. One problem that I have found, chairing this committee, is that we get to hear a lot of things here that are not generally known to the public, and I have made this point many times before. We hear of wonderful schemes taking place and lots of things that none of us has ever heard of. We get to hear about them as committee members, but other Assembly Members may not necessarily know what is going on.

9.20 a.m.

[34] Anna is doing our newsletter, which gives some information about what is happening, but otherwise you just get the information that comes from Members' research service papers, for example—which are good at giving us a lot of information, but they do not spotlight it. On the Liverpool John Lennon Airport, which I use, and the Jamie Oliver restaurant, you think, 'Wow, I did not know that'. I have been all around that airport looking at the developments, but I did not know that it was being funded by European money; I knew that some of the development was being funded by European money, but I did not know that the most recent development was. As the First Minister said, I do not think that even putting a board up is sufficient, because people get used to seeing boards. Is there any way in which we could help, or is there any focus that we could put on it?

[35] **Mr Kempinnen:** We could definitely do a lot more. With the help of Andy here, we will come forward with a more specific and concrete proposal on the network, on how it would work in Wales and how we could exchange the information. I would emphasise only that whatever you do and however you want to publicise something, if you do not want to do it, that is your business, and we will not push forward that much. At the end of the day, this is not about the European Union; it is about the fact that we acknowledge that part of the decline in people's trust in institutions and politics is because they do not know where the money goes. There is also a different side to national politics in every member state, when many of the national politicians yearn to go to the fore in their constituencies. We do not have the mechanism that would bring together MEPs and MPs, for example, in a region, where an important project is about to be completed or launched. In areas where European Union funding is needed to see through or to launch certain industries, for the sake of the future, it would be good if the European Union's role was also prominently featured.

[36] **Sandy Mewies:** I cannot believe that politicians are not clamouring to be in pictures when things are being launched.

[37] **Jeff Cuthbert:** Thanks for the points that you made. My points are on the same theme. I am chair of the Objective 1 monitoring committee for west Wales and the Valleys, and I am always keen to get into photographs when we visit projects and so on. Not surprisingly, people who have benefited from projects in west Wales and the Valleys and those who have been involved understand the key issues, but a small proportion of the population does not. As the First Minister said, we have some signage, but perhaps that is just tokenism. We certainly need to do much more.

[38] One of the great problems, which you alluded to, is the attitude of the media. I am not sure quite what we can do about that, because the general view of the average citizen is that Europe is bureaucratic. The perception is that it is about spending money that could be kept and better spent here, and that it is just paying for more politicians. Even now, people do not see the real benefits. With convergence funding coming on board from January, we must build publicity and explanation into all our projects, to have a greater strategic overview. Perhaps that should be part of the strategy.

[39] **Mr Kemppinen:** Absolutely, and there are also areas in which regions could learn from each other. I have visited most of the regions during the past year, and there are examples in parts of the country of intense networking, such as in Wales, and yet it does not happen at all in other parts of the country, where people hardly know each other. There are also examples of countries where, for example, the branding of Objective 1 or the convergence criteria is taken far. I know that words like ‘branding’ sometimes feel alien to our mouths, and I hesitate to use them, but there are also lessons to be learned. If branding allows people to identify themselves with the purpose of the use of funds, it cannot hurt. It is all about people recognising where the money goes and what it is for.

[40] **Sandy Mewies:** You just said that branding can be successfully used. Can you give some examples of where it is being used successfully?

[41] **Mr Kemppinen:** From our point of view, I would not go as far as one English region, where they have signposted some of the projects with the words ‘Thank EU’. That provokes too much disagreement within the region itself. However, Cornwall, which I have already mentioned, has taken the Objective 1 branding quite far. I hesitate to use that example because its branding has been so successful that everyone knows of Objective 1, but many people do not know that Objective 1 has anything to do with the European Union. However, it has been quite useful. Perhaps the word ‘convergence’ is slightly more complicated for the masses.

[42] **Sandy Mewies:** It is something that we will have to think about for quite some time. Are there any more questions? I see that there are not.

[43] Reijo, thank you once again, and I appreciate that you have come here as you have been very busy. I must also emphasise that we always appreciate Andy coming to our meetings, and the input that we get on a regular basis is much valued.

[44] **Mr Kemppinen:** Thank you very much.

9.26 a.m.

Adroddiad y Prif Weinidog First Minister’s Report

[45] **Sandy Mewies:** First Minister, I ask you to introduce your report.

[46] **The First Minister:** Thank you, Chair. I have two things that I wish to highlight. First is the conference of the European regions with legislative powers that was held two weeks ago at the Coal Exchange and, secondly, the Joint Ministerial Council (Europe), which was held on Monday afternoon, and which is referred to briefly in my report, although that was written before 27 November—I cried off and was not able to be present on 27 November because I had a bad asthma attack, so Des Clifford represented me. I will come back to that in a minute or two. It was an extremely busy period because of the six events that are referred to, half of which are to do with Europe and half of which are to do with the rest of the world, outside Europe.

[47] The International Business Wales trade mission to Latvia went extremely well. British relations with Latvia and the international standing of Latvia seem to have shot up in importance, and, as you will be aware, most of the world's leaders are in Latvia at the moment. Before I went to Latvia with the trade mission, Her Majesty the Queen had been there. So, a lot of attention is being given to Latvia and to Riga, its capital, where almost half of the population live—that is what you call a genuinely dominant capital, with 800,000 out of 2.5 million people living in the Riga area. It is a fantastic place, considering the acute poverty of Latvia and the dreadful time it had when it was part of the Union of Soviet Socialist Republics, and immediately after the break up of the USSR, when it lost its entire trade links, and when the gross domestic product almost collapsed for a brief period. However, Latvia is now growing incredibly rapidly and it is undoubtedly a country that is worth investing in. The strange thing is that unemployment has plunged down from around 20 per cent to around 8 per cent, but companies—including one Welsh company—that invested in Latvia on the basis of cheap labour, very high skills, people's high desire to work and so on, are now finding that they cannot recruit people in Latvia because so many Latvians have left the country. Unemployment has fallen a great deal and wage inflation is now at 20 per cent, because everyone is short of labour. The transformation is quite mind-boggling.

[48] The huge problem that Latvia has, which exaggerates the problem that we have, is related to the fall in the birth rate. It has 38,000 children leaving school this year, but it only has 17,500 children starting school. We have 40,000 leaving school and 30,000 starting school, so we also have this problem, but not to the same extent as Latvia. Germany also has the same problem as Latvia, so it is not an uncommon phenomenon, which is why I mention it. This is happening throughout much of Europe. Spain, Italy and the Baltic countries have a birth rate of about 1.3. We have a birth rate of 1.7, and the replacement rate is 2.1. Latvia has an acute problem and it is very conscious of the collapse of the birth rate, although it is no worse a collapse than what has happened in Germany. So, it is not a country to which you would now go if you were thinking of opening a factory to employ 750 people. You would not put it in Latvia as there are not enough people around. That has happened very quickly, in the space of two or three years. Nevertheless, it is a good country for trade.

9.30 a.m.

[49] Ambassador Nogami's reception was the first reception for a Japanese ambassador to ever hold somewhere in the UK besides London. It was an experiment and it went extremely well in terms of the numbers that turned up. Virtually the whole of the Japanese community—or all of the Japanese commercial community—in Wales made sure that it was represented at the reception. There was a very good representation from Japanese companies in north Wales, such as Sharp and Hoya Lens. They were all here. There was representation from across the board. If the Japanese ambassador is having a reception in Wales, they have to be there and people came from all over Wales. There was pretty much a full house. It was extremely good and I think that Ambassador Nogami was delighted with the way that it went. I think that that is testament to the fact that the Japanese economy is reviving rapidly and what has been a pretty dead market for inward investment from Japan for at least 10 years now—the lost decade in Japanese industry when the economy was doing nothing; it was simply flatlining or going down slightly—has now changed. The last two years have seen the level of Japanese exports rising, GDP is rising and the lost decade seems to have come to an end. As a result, we are beginning to field inquiries again from Japan. So, it was worth keeping a small presence in Japan through the fallow decade. I think that Ambassador Nogami's reception was partly an attempt to solicit Welsh support for Japan's wish to host the Rugby World Cup in 2015—I think that England would be the alternative, though I cannot remember exactly who he said the competition is. They are keen to have Welsh support and that is part of the campaign. Ambassador Nogami is an ex-rugby player and was keen on being here to make sure that the Welsh Rugby Union would be interested in thinking seriously about supporting the Japanese bid.

[50] Finally, the Regleg conference went extremely well. I have to thank Des Clifford and his staff who helped to make it a success. We discussed some of the communications issues, which are widespread throughout Europe, and the loss of trust in politics and politicians. All kinds of politics—European politics, national politics, Assembly politics, and local politics—are under the cosh in terms of public trust, which has gone down and is continuing to do so. Europe has always suffered more than other areas, so we had lengthy discussions about this issue with regard to the regional tier of government in Europe, especially because the constitutional treaty put the regions on the map—this is where you try to bridge the gap between the things that are of interest to the anoraks and the chancelleries of Europe and the things that are interesting to the ordinary citizens. However, the treaty is blocked. Does that mean that the regions should be jumping up and down saying, ‘Please put the treaty back on the map, because it is good for the regions or regional tiers of government, in places such as Scotland, Wales, and Baden-Württemberg and so on.’? There would not be a lot of public support for that, because the context of that is a period when anything to do with constitutions is regarded as being only for the anoraks. So, if you are going to re-engage the regional tier of government at a pan-European level, which is what we were all interested in doing, you have to find a completely different method. It is no good jumping up and down with indignation at the fact that the constitutional treaty enshrines regional rights to consultation on subsidiarity; you can see how that will not go down well in the pub or in the supermarket checkout queue when the till is broken and you are thinking of something to say. Do not go down that line; you would be regarded as being completely off the wall.

[51] The conference managed to showcase Wales well, but it was also about trying to get these views from the eight different member states that have regional tier governments, because the other strange thing that has happened in the Europe of 25 countries is that none of the new member states, in effect, have any regions with legislative competence of any description. The reason for that is very simple: ex-communist countries tended not to go big on regional democratic devolution—some of them were too small to do so anyway, and Cyprus and Malta are certainly too small. So, in the Europe of 15 member states, regional devolution with a legislative competence was represented in eight out of 15 countries, and it is still only represented in eight now that the EU has expanded to 25 member states. Eight countries out of 25 is very different to eight countries out of 15; it is now a small minority of member states that have regional devolution at a legislative level. We have to work much harder to get that message across now. Bulgaria and Romania will not make a difference on this issue because they come from the French prefectoral tradition plus a communist tradition, which means that they do not devolve power. They may devolve power administratively to people who have been nominated from central government, but they do not devolve power to locally elected people, and if they do devolve anything, it will certainly not include legislative competence.

[52] **Rhodri Glyn Thomas:** Rhaid i mi gyfaddef fod gan y cwestiwn yr wyf am ei ofyn gysylltiad weddol denau ag adroddiad y Prif Weinidog, ond gyda’i barodrwydd ef a chaniatâd y Cadeirydd, y mae’n bwnc yr hoffwn ei godi. Bydd y Prif Weinidog yn ymwybodol o draddodiad anrhydeddus Coleg Harlech o ddenu myfyrwyr o dramor a’u cymhwyso ar gyfer addysg uwch. Daeth i’w sylw yr wythnos hon fod problem wedi codi o ran myfyriwr o Dwrci. Mae dau fater penodol yr wyf am gael barn y Prif Weinidog yn eu cylch. Yr wyf wedi ysgrifennu ato am hyn, ond mae’n bosibl nad yw’r llythyr wedi cyrraedd ei ddesg eto.

Rhodri Glyn Thomas: I must admit that the question that I want to ask has a fairly tenuous link with the First Minister’s report, but with his willingness and the Chair’s permission, it is a subject that I would like to raise. The First Minister will be aware of Coleg Harlech’s honorary tradition of attracting foreign students and getting them ready for further education. It was brought to my attention this week that a problem has arisen in terms of a student from Turkey. There are two specific matters on which I would like the First Minister’s opinion. I have written to him on this matter, but he may not have received the letter yet.

[53] Mae'r holl drefn o brosesu ceisiadau fisa yn newid ac mae'r gwaith o gasglu'r deunydd ynghyd wedi ei roi allan i asiantaethau. Mae problem wedi codi yn y coleg, lle mae'r asiantaeth wedi newid y cais a wnaethpwyd gan y myfyriwr fel nad yw'r cais gwreiddiol wedi cyrraedd y llysgenhadaeth yn Nhwrci. Y pwynt sy'n fwy perthnasol i'r Prif Weinidog yw'r ffaith bod y llysgenhadaeth yn Nhwrci wedi penderfynu nad oedd y myfyriwr yn gymwys i'w dderbyn ar gyfer y cwrs yng Ngholeg Harlech, er bod y coleg wedi mynd drwy'r broses arferol o wirio ei gais ac wedi penderfynu ei fod yn gymwys. Mae hyn yn codi cwestiynau ynglyn â'r ffordd y mae'r llysgenhadaeth yn Nhwrci yn ystyried statws Coleg Harlech. Yr wyf wedi ysgrifennu at y Prif Weinidog am hyn ond, ar sail yr hyn yr wyf wedi gallu ei gyflwyno iddo'r bore yma, a oes ganddo unrhyw farn am y broses honno? A oes unrhyw beth y gall ef ei wneud i sicrhau nad yw'r broblem hon yn codi yn y dyfodol, neu bydd y traddodiad o dderbyn myfyrwyr o dramor i Goleg Harlech yn cael ei danseilio?

[54] **Y Prif Weinidog:** Yr oedd hynny'n gasgliad o bwyntiau mor fanwl, credaf y bydd yn rhaid i mi ddarllen y llythyr cyn ymateb. Mae'r pwyntiau hyn yn rhy fanwl i mi ymateb y bore yma neu wneud sylwadau arnynt, mae'n ddrwg gennyf.

[55] **Jonathan Morgan:** I will just raise a few points on the Cardiff declaration. The language in the document is superb: it states that the presidents note the continuing period of reflection, which I think is Euro-speak for inertia. Some of the text is quite interesting. There is an ongoing debate about how we can cure the democratic deficit between what EU citizens feel about the European Union and what the European Union feels about the extent to which European citizens ought to be involved and what they ought to understand about what happens within the European structures; that is quite an interesting point. I do not think that the highbrow debate that we have about solving the democratic deficit will make many difference at all.

[56] If we go back to the previous presentation about how people understand the benefits of the European Union, and how they understand what it means to them on a daily basis, that is something that we need to examine in some detail. I would be keen to find out whether we, as an Assembly, or the Assembly Government as a regional body, have the ability, in terms of the way in which European funds are allocated and the benefits are rolled out in Wales, to explain and alter the way in which people perceive the benefit that they are getting.

9.40 a.m.

The whole visa application process is changing and the work of collating the information has been put out to agencies. A problem has arisen in the college, where the agency has altered the student's application so that the original application has not reached the Turkish embassy. The point that is more pertinent to the First Minister is the fact that the embassy in Turkey has decided that the student was not competent to be accepted onto the Coleg Harlech course, although that college had been through the usual process of checking the application and had decided that he was competent. This raises questions about how the Turkish embassy views Coleg Harlech's status. I have written to the First Minister on this but, on the basis of what I have managed to present to him this morning, does he have an opinion on that process? Is there anything that he can do to ensure that this problem does not arise in future, or the tradition of accepting foreign students to Coleg Harlech will be undermined?

The First Minister: That was a collection of such detailed points that I think that I will have to read the letter before responding. I am sorry, but these points are too detailed for me to respond to them this morning or to comment on them.

[57] We referred earlier to the fact that it is not good enough just to put a plaque on the wall stating, 'This project has been funded by the European social fund'. That is the traditional method of rolling that out, but I would be very keen for us to examine whether we have the ability to take it a stage further, so that people have a fuller understanding of why they have a particular training project and why certain money is being spent in their area. Unless we do that, people will still lack understanding of the European Union and they will not take much interest in what happens in the EU, even though they should, as it clearly benefits them. As a regional organisation, I wonder whether we have the ability to do that, because the European Commission's attitude towards us has been quite poor. I used to work in a further education college, and the idea that all you had to do was to put the ESF logo on the letterhead of your stationery was quite mad, because you were spending millions of pounds in European funds, and people were not really aware of the benefit that they were getting as a result. I do not know how much flexibility there is to enable us to take that further, but we ought to be looking at it, as it would do much more to engage people in the benefits of the EU than merely having a rather high-brow debate about the democratic deficit.

[58] **The First Minister:** The point that we were making earlier, when Reijo Kemppinen was talking, was about trying to break things down so that they are easily understood by ordinary citizens. That is absolutely crucial. We were also saying that a signboard or even a letterhead is completely meaningless unless the message and the theme come across. Even that, perhaps, will not necessarily solve the problem. Taking the example of the Irish Republic, as the country that has had the most positive attitude towards Europe over the last 30 years, there has been a general colouration of being positive about Europe as a result of what it has done for such people as the country's milk producers—it makes a hell of a difference to you as a dairy farmer, and people feel much better about themselves, if, overnight, you go from being paid 12p a gallon for milk on 31 December 1972 to being paid 60p a gallon from 1 January 1973. That makes for a general colouration, and for Ireland it had enormous consequences in enabling it to get out from under the British shadow, as it were. It made everybody positive on financial and political grounds in terms of how they thought about themselves as well as about individual ESF-type or ERDF-type projects, such as those that we are familiar with.

[59] In Wales, we have to try to get the themes across of what convergence funding—the old Objective 1 funding—is trying to do in raising skills, bringing in additional jobs, infrastructure, business parks or whatever it might be. To some extent, you cannot say that these are European themes, as that would be disastrous; you have to say that these are our themes and Europe's themes—they are Wales's themes, Britain's themes and Europe's themes, and they enable us to face up to the big China, India, climate-change-type challenges and so on. However, there has to be story or a narrative, and not just a signboard or a letterhead. We have to work much harder on that, and where you weave Europe into it is very important.

[60] I think that there is, generally, a much more positive attitude in Wales than there is in eastern England or in any of the fishing communities. Cornwall is a very interesting case, because its fishermen and fishing communities are suspicious because of the fisheries policy. Certainly, eastern England is very anti-EU because of the issue of fishing grounds. However, in Cornwall, there is an interesting battleground between those who believe that Europe does not protect fish stocks and those who believe that Objective 1—even if they do not necessarily all know that it comes from Europe; although most probably do—is trying to revolutionise the Cornish economy.

[61] **Nick Bourne:** I endorse the First Minister's remarks about Latvia. Having spent some time there on holiday this summer for the second time, the growth rate of all the Baltic states is stunning, and it is good that we have a link with Latvia.

[62] Following the last meeting, there were some action points that I had to pick up on the registration, evaluation and authorisation of chemicals directive and on voluntary modulation. I wrote to Rhodri immediately after that meeting, and I see that there is something in the— [Interruption] I do not think that I have not had a response.

[63] **The First Minister:** I wrote a very detailed letter to you about REACH that you should have had—I am sure that I signed it off on Monday, unless I spotted a typographical error at the last minute that caused it to be retyped.

[64] **Nick Bourne:** I was not complaining. There is a bit in the research report, but I just wondered what was being done in terms of alerting Welsh industry about the REACH directive, which clearly will have an impact. There is also the voluntary modulation point.

[65] **The First Minister:** Yes, I remember that that was in the letter; I wish I had brought it with me. I will get a copy of it during the coffee break.

[66] **Sandy Mewies:** There is something related to that in the Members' research paper.

[67] **Nick Bourne:** There is, yes. I wondered whether there was any update on that, certainly on voluntary modulation, less on the REACH directive. I am not quite sure what we are doing in terms of Welsh industry.

[68] **Christine Gwyther:** My question is on the regions with legislative powers and the Cardiff declaration. It is great that Wales is chairing Regleg, but can you tell me if that chair moves on in time and whether there is a timescale in which we need to bring our influence to bear?

[69] Jonathan was right to say that the language is fascinating and esoteric and so on. In the third bullet point, under the policy agenda, the presidents,

[70] 'call on EU institutions to respect the sphere of competence of regional governments.'

[71] Is there evidence that that sphere of competence is not being respected at the moment and, if that is the case, perhaps we need to say something more concrete and critical about it?

[72] **The First Minister:** It was an honour for Wales to be the president of Regleg for the year. The year is now over, more or less, and we are in the process of handing the reins over to Catalonia. I do not think that we have done the formal handover yet, but we are in the process of doing so. Once you have had the annual conference, your presidency winds down and you hand on to the next presidency. There was a bit of competition in terms of who would take on the next presidency, but Catalonia was adopted with an undertaking that it would be handed over to an Italian region the following year—probably Sicily; we do not yet know.

[73] Everyone thought that Catalonia had previously held the presidency because President Pujol, the then leader of Catalonia, had so dominated the regional tier of Government and had helped to set up the Committee of the Regions, Regleg and so on. He has retired now, but Catalonia was never actually president of Regleg, so it was its turn in a way, which is quite a good thing. We are now in the process of releasing the reins to the Catalans and I am sure that they will do a good job and put quite a lot of resource into it. They are flying high at the moment because of the new statute, approved in referenda in Catalonia and in the rest of Spain, giving them considerable increased clout within Spain. The deal that was done between the Zapatero central Government in Madrid and the Catalans, and possibly some of the other regions with quite advanced levels of devolution, is a big breakthrough. The Catalans have a lot to say about regions, regional tier devolution and how that should work, although they accept that it will not necessarily spread to the new member states, where there is simply no tradition of democratic devolution let alone democratic devolution that includes a legislative component.

[74] So, on our influence, we have done our bit this year. There was a period of reflection this year and of trying to prevent constitutional rigor mortis from setting in. I cannot remember the number of states that have approved the constitutional treaty—I think that around 12 or 13 member states approved it. Is that the case?

[75] **Mr Bird:** Fifteen states have approved it.

[76] **The First Minister:** Okay. Obviously the two that have not, because they have had referenda, have blocked that process. So, that is why I used the slightly delicate phrase, ‘a period of reflection’.

9.50 a.m.

[77] On the text, it is in cold storage for the time being despite the fact that 15 out of 25 have approved it. On how we will deal with that in a declaration, we have not yet circulated the amended text. There was a bit of democracy at the Regleg conference; in other words some amendments were sought. However, in the Coal Exchange, we did not have the ability to circulate an amended text. I am not sure which text you have in front of you.

[78] **Mr Davies:** It is the draft.

[79] **The First Minister:** You will get the version that is now being circulated, which includes the amendments that were passed. Normally with these things, we try to ensure that there are no amendments, because it means retyping everything. However, because people insisted, and because we are good democrats, some of the amendments were passed. We have not yet circulated the amended text.

[80] What was the final point?

[81] **Christine Gwyther:** Are EU institutions disrespecting regional government? There will clearly have been a discussion on that, which led to the text that we have—amended or not.

[82] **The First Minister:** This is a long-standing issue. Spain is the new and most dramatic example of a country with an advanced level of devolution in its constitution. Belgium probably has the highest level of devolution of any country. For example, the member state, Belgium, has no legislative competence for education at all; it is entirely devolved to the three regions. I suppose that it is the most devolved country in Europe. The regions have full legislative competence. They do not even have shared competence over a major area with the member state. Germany has an advanced level of devolution; Italy has quite an advanced level of devolution; Spain has a high level; and, in Britain, there is partial devolution. So, some countries are carrying the banner for devolution. Europe has to try to cope with that and with the countries that are long-standing members, such as France, which have no devolution other than executive-level devolution. Then there are the new countries that have come in that have no devolution, either because it would be ridiculous, as in the case of Malta and Cyprus, or because they are ex-communist or ex-French rule countries.

[83] So, the view that EU institutions are disrespectful towards regional government is held by some of those who want to stand on their dignity. The treaty was supposed to solve that. Now that we do not have a treaty, we are supposed to be very angry, but what is the point of being angry when it is not going to make any difference, unless you can solve the problem of the referendum and the wider picture of mistrust? As you know, referenda are difficult things to win. I do not know how much further we are going to get on that. People are searching for another device that could move the issue forward and get some sort of treaty, even if it is not the full treaty. However, if it is some alternative to the treaty, will it continue to have a recognition of the subsidiarity mechanism, which is what we agreed that we would try to get? So, if there is an alternative to the treaty, we need to keep the regions’ subsidiarity mechanism in it.

[84] **Rosemary Butler:** I am interested in the number of people coming in from Bulgaria and Romania. There are 283 students from Bulgaria and 531 students from Romania in the UK. Do we have any figures on how many of those come to Wales? That might be interesting.

[85] **The First Minister:** We have figures for the UK only, but we can try to explore how we could get those figures.

[86] **Rosemary Butler:** If that is a market now, the Welsh higher education institutions need to get their fair share if they can.

[87] I had planned to report later, under the item on the Committee of the Regions, on the inter-regional group. We have a meeting in Brussels next week. I shall not say that it wants to be more proactive, but it wants to meet more often and explore more avenues. I think that there was a bit of suspicion originally about setting up this group within the Committee of the Regions, so we played it quite low key.

[88] **The First Minister:** Is this the group of which you are the vice president?

[89] **Rosemary Butler:** Yes.

[90] **The First Minister:** In the Regleg conference, reference was made to that and to achieving better working between that conference and the Committee of the Regions. Again, we are getting into anorak territory in spade-fuls, but it is quite important, partly because Rosemary is—is it one of two vice presidents?

[91] **Rosemary Butler:** I think that it is the junior vice president. I have not reached senior vice president yet.

[92] **The First Minister:** The president of it, Michel Delebarre, who is the mayor of Dunkirk, came over to speak. A bit like Jordi Pujol, he is one of these big wheels. He was going from Cardiff to Moscow to a Council of Europe conference with former states of the Confederation of Independent States on regional devolution and municipal representation and so on, so one conference merges almost imperceptibly into another. My understanding is that he is very keen to work much more closely, through the Committee of the Regions mechanism, with Regleg. I believe that you are one of the two vice-presidents on behalf of the Committee of the Regions.

[93] **Rosemary Butler:** Yes. We have had very infrequent meetings but we are now trying to scale it up.

[94] On the Japanese reception, I hosted a reception on the first floor while the other reception was going on downstairs. Our reception was Gwent Theatre Education doing a play about the one hundred and fiftieth anniversary of the national anthem. So, you had three or four actors on the stage and these Japanese were coming past, and it really looked like Noh Theatre, and they were all stopping and looking because they thought that that was the reception to start with. However, they then moved on. They were slightly better dressed than the rest of us. It was interesting to see them looking to see what this theatre was.

[95] **The First Minister:** I had forgotten that it was just out there. I was wondering why you were pointing. You forget where you are in this room sometimes.

[96] **Rosemary Butler:** It was really fascinating to see their reaction to this theatre going on in a Parliament building.

[97] **Sandy Mewies:** Mike German, you have a comment.

[98] **Michael German:** I apologise for being late. On the cohesion programme for east Wales, the regional competitiveness and employment programmes were announced recently and east Wales got the lowest deal in the UK. East Wales got €114 per head, England got €121 per head, Scotland got €122 per head, and Northern Ireland got €248 per head. Would the First Minister venture an explanation as to why we have done so badly in east Wales?

[99] On the convergence programme, which you say is going to the commission in December, I presume that you are going to make a statement on that document in the Chamber. Will the convergence programme application that is going to Brussels be available to us at the same time?

[100] **The First Minister:** Did you say 'convergence list'?

[101] **Michael German:** No. I was talking about the convergence programme statement that you will make in the Chamber. Will the convergence programme application that is going to the commission in December be available to us when you make your statement?

[102] **The First Minister:** On the east Wales programme, I think that you will probably find that, in every part of the country, there is a way of arranging the statistics to make it look as though your region is not doing as well as other regions of the UK. Most people in other parts of the UK, looking across at Wales, including east Wales, were very jealous that we had done exceptionally well, in that we had only had a 48 per cent reduction compared with the 52 per cent reduction elsewhere in the UK. Those are the figures, as I recall. They could not understand why, since we had done so well on Objective 1, we were also doing relatively well given the huge size of the overall cutback in the UK on the successor programmes to Objective 2 and Objective 3, now known as 'competitiveness'. You may have another way of arranging the statistics, but the way in which I have described the relativities between east Wales and the other competitiveness areas would be the way that would generally be accepted as objective. That is how it is perceived across the UK, namely that east Wales did exceptionally well in its own right and especially when you consider that that means that over and above 65 per cent of the population—and it is roughly that figure in territory too—of Wales that has retained its Objective 1/convergence status.

[103] On the arrangements for the statement, I do not have the details of which day it will be on and, therefore, where we would be in terms of completion of the document.

[104] **Michael German:** It is 12 December.

[105] **The First Minister:** Okay, but I do not know how that will relate to the preparation of the document in draft form that we will be negotiating with Europe. So, I cannot answer that today but I will ensure that the usual channels communicate where we are on document preparation.

10.00 a.m.

[106] **Sandy Mewies:** I see that there are no more questions on that. You were going to mention the joint ministerial council, were you not?

[107] **The First Minister:** Sorry, yes, I was. I mentioned earlier my crying off from that. By and large, the issues were the same as those in the material covered in follow-ups to previous meetings, and are, therefore, in the documentation for this meeting. It was, I understand, a very low-key meeting. There was not much progress to report on the working times directive. Turkey is stuck on the sidelines at the moment, for all sorts of reasons. The meeting also discussed the communications issue that we have discussed here, both in relation to Reijo Kemppinen's and my reports. I cannot give you any more detail than that, obviously, since I was not there and have not yet had the opportunity to speak to Des Clifford, who represented me.

[108] **Sandy Mewies:** Perhaps Des can circulate some notes at some stage.

[109] **The First Minister:** We do not usually circulate notes; I usually give a verbal update here. We may have to do it that way, because those meetings are restricted, but we try to say as much as we can.

[110] **Sandy Mewies:** Perhaps we can put it on the agenda for the next meeting.

[111] **The First Minister:** Certainly.

[112] **Sandy Mewies:** First Minister, looking at the progress report on Turkey, I heard something just this morning on the radio about Cyprus and the Ankara question, I suppose, with regard to trade. I did not hear what had happened, but the BBC certainly said, 'We have discovered that—', and I thought that we knew that already, but it could have been about something else.

[113] **The First Minister:** The flashpoints are that if Turkey wants to make progress, it has to open up the ports of northern Cyprus to general trade without saying, ‘Greek-Cypriot ships cannot come in here’, which is what is happening at the moment. There are 35 years of history behind that, but, on the other hand, in order to make progress, Turkey must be willing to open up northern Cyprus ports to all trade, including Greek-Cypriot ships. It is not willing to do that at the moment, so that is one reason why the negotiations are stuck, and that is why, to use the famous phrase, ‘a period of reflection’ may also be in order.

[114] The British attitude is: ‘Do not try to kill off the negotiations now, just because Turkey is being obdurate, but keep it on ice for a bit, because we may be able to talk Turkey around and so on’. The Turks are fearful of what will happen if the European Commission comes out with a clear opinion—it must give an opinion on the state of negotiations on enlargement—so the commission has said, ‘No, we’re not giving an opinion’. It has not used the phrase that it is having a period of reflection, but that is what it really means. In other words, this would be a bad time to come out with a decision, because if it is ‘yes’, Cyprus will go up in flames, asking, ‘Why have you done this? You’ve lost the big lever that you’ve got with Turkey to open up the ports of northern Cyprus’. On the other hand, the attitude that Turkey should be swept aside and told, ‘Look, come back to see us in 25 years’ time’, is undesirable. It wants to keep its leverage with Turkey to improve a whole range of human rights issues and the specific issue of trade with northern Cyprus being open to everyone, which is a fundamental point.

[115] **Sandy Mewies:** Are there any more questions for the First Minister?

[116] **Michael German:** My question is not for the First Minister, but for you, Chair. As we will not have an opportunity to fully scrutinise the convergence programme that the Government submits to the commission, could that be an agenda item for our next meeting? That will obviously be after Christmas—I am not talking about now—but could we have a document and scrutinise the First Minister on it?

[117] **Sandy Mewies:** Would you be able to do that?

[118] **The First Minister:** Suitable arrangements for scrutiny are very important. Everyone needs to remember that this is a negotiating document; it is a bid. We are the managing authority and we must put the bid in, and then we must negotiate with the European Commission to see whether we can persuade it to agree to the disposition of the funds, the themes and the priorities and so on that we want. It is difficult for a committee or the Assembly to be a part of the negotiation, because you do not want to bind the hands of the body that is doing the negotiating. On the other hand, there must also be appropriate scrutiny. So, we are trying to balance those two objectives.

[119] **Michael German:** It would be the first opportunity that the Assembly would have to scrutinise the document; that is what I am getting at.

[120] **Sandy Mewies:** I believe that you were saying, First Minister, that it will perhaps be possible to give us some sort of report on that.

[121] **The First Minister:** That is right. What you cannot do is scrutinise a negotiating position. In other words, we are seeking to negotiate a successful bid with the European Commission, with an early start on spend. Therefore, you cannot say, ‘Okay, scrutinise the bid document’, then, every time there is a shift in the negotiating position, as you discuss it with Europe, submit any amendments and send it back for further scrutiny. That is the only difficulty. On the other hand, you have to have suitable arrangements to ensure that there is support, not just across the Assembly, but among other stakeholders. For example, Welsh local government would love to be at the table, jointly negotiating with us, with the European Commission. We have said that that is extremely difficult, because the legal definition of the managing authority is us, so we must take the responsibility. However, we want local government on board too, so we will talk to it about it, but it cannot be at the table—its representatives can be in the next room, because they are extremely important stakeholders, but they cannot conduct the negotiations jointly with us; it just makes it impossible.

[122] **Michael German:** I take that as almost a ‘yes’, Chair, but I need your assurance that that will happen. This is an important document for Wales, and our role is one of scrutiny; we are not here to submit the document or to negotiate it. However, the Assembly as a whole only has this opportunity, and this is the committee where it should happen; we have no other chance to do scrutinise this apart from in this committee.

[123] **The First Minister:** May I respond briefly, Chair?

[124] **Sandy Mewies:** Yes, go ahead, but if I say ‘yes’ and you say ‘no’—[*Laughter.*]

[125] **The First Minister:** The difficulty is that this is not the only committee with an interest. Chris is here, and I know that the Enterprise, Innovation and Networks Committee will take a strong interest in this, as will the Education, Lifelong Learning and Skills Committee. It is not up to me to say whether it will be for Sandy’s committee, Chris’s committee, or other committees to do the scrutiny: all I can say is that there will need to be suitable scrutiny arrangements.

[126] **Christine Gwyther:** I know that you want to return to other Members on this issue, Chair, but what we have done in the Enterprise, Innovation and Networks Committee is to scrutinise carefully the principles surrounding the document. We cannot scrutinise a document that is part of a negotiating process, because it will change as you move through that process. However, we will scrutinise the outcome of that process. That is our position, and I assume that that will also be this committee’s position.

[127] **Nick Bourne:** I do not disagree with that. We cannot make decisions for other committees, but it would be unthinkable for us not to have this on the agenda at the next meeting in some shape or form. I appreciate what the First Minister says about the negotiating position—that is the Government’s negotiating position on our behalf, and we would not want to dilute that. However, it is important that we take a view on this issue. I cannot think of anything much more central to European affairs than this document, and we have not seen it at this meeting—for understandable reasons, I am sure—but we will need to see it at the next meeting.

[128] **Sandy Mewies:** We are looking at competitiveness anyway on 24 January, so this would be a suitable element to discuss then. As Chris has said, we cannot scrutinise negotiating positions, and we cannot come back; I believe that that is accepted by the committee. Therefore, if you were able to come forward with a paper for that meeting, First Minister, I am sure that we would be grateful. Those caveats have been understood today. Thank you for that, First Minister.

[129] **Rosemary Butler:** I have a small point. I believe that I asked at a meeting some time ago about a list of honorary consuls. We have two more now. Could we have that list? It may be that it has passed by my desk and I have not picked it up, but I do not believe that we have seen it.

[130] **Sandy Mewies:** I thought that we had seen one, but we can perhaps update it and send it around to you.

[131] **The First Minister:** We will ensure that you get one.

[132] **Sandy Mewies:** We will break now—oh, sorry, we have an item on the Committee of the Regions. I am terribly sorry, Rosemary—I am worrying about the video link, because everything went down this morning; I am eager to find out whether it will work for us later. Over to you, Rosemary.

10.09 a.m.

**Y Diweddaraŷ gan Aelodau Pwyllgor y Rhanbarthau
Update from Members of the Committee of the Regions**

[133] **Rosemary Butler:** My report will be short, so I will not keep you from your worrying too long, Chair.

[134] Janet Davies is in Brussels today, representing me at my committee—I could not go because I have a meeting of the Culture, Welsh Language and Sport Committee tomorrow morning. Therefore, we will have a report from Janet next time. I am going to the plenary meeting next week. I do not have anything to report other than what I said earlier. Now that we have this excellent update from Anna, I think that the committee is as up to date as I am. I have not received the formal agenda for next week yet, so I cannot give you any details of that, but I think Anna may have had a copy.

10.10 a.m.

[135] **Ms Daniel:** Yes, I will forward it to you.

[136] **Rosemary Butler:** Is there anything to report that I am unaware of? I think that they have been quite slow in producing the agenda this time.

[137] **Ms Daniel:** The main item on the agenda for Thursday is President Barroso presenting the commission's 2007 work programme. That will be a fairly long discussion with members.

[138] **Rosemary Butler:** Another 58 amendments, perhaps. That is all, Chair.

[139] **Sandy Mewies:** We will take a break now.

*Gohiriwyd y cyfarfod rhwng 10.11 a.m. a 10.30 a.m.
The meeting adjourned between 10.11 a.m. and 10.30 a.m.*

**Eluned Morgan ASE
Eluned Morgan MEP**

[140] **Sandy Mewies:** Welcome to Eluned. I said that this was an historic occasion and then I thought that it would be beset by gremlins, but I am glad to see that the videoconferencing link is working perfectly. I remind everyone that everything that is said in your room can be heard quite clearly by us, so anyone speaking over there will be heard. Is that the same for us as well?

[141] **Ms Phillips:** It should be.

[142] **Sandy Mewies:** There is a slight delay for everyone, so please wait a little before responding. I have been told that it would be helpful if everyone on this side of the room looked that way and if everyone on that side spoke facing this way—I feel like an air hostess. We can use the screens in that way.

[143] As usual, people are welcome to speak in the language of their choice. We have translation facilities here for us. If any members of the public are having problems, they can approach one of the ushers. I also need to remind everyone that all electronic devices really must be switched off, including BlackBerrys, mobile phones or anything else that might cause problems. I think that that is all of the housekeeping announcements.

[144] Eluned, I understand that you are currently drafting the European Parliament's response to the European Commission's Green Paper on energy. We have had a background briefing from the Members' research service. Thank you for finding the time to come to talk to us today. We hope that this will be the first of many uses of the video link, because the one thing that we have missed, over our time as a committee on Europe, is the link with MEPs. You know how difficult it is, because our meetings and our travelling times clash. However, we hope that our successor Committee on European and External Affairs will be using this facility regularly so that we can forge those closer links that are very much needed.

[145] I invite you to make your presentation, Eluned, which will be followed by Members' questions.

[146] **Ms Morgan:** Hoffwn ddechrau drwy ddiolch yn fawr i chi am y gwahoddiad. Fel yr oeddech yn ei ddweud, yr ydym wedi cael problemau yn y gorffennol o ran trefnu'r amserlen. Gobeithiaf y bydd hwn yn ddechreuad newydd. Gan eich bod bellach yn yr adeilad newydd hyfryd, gobeithiaf y bydd hynny'n haws i ni.

Ms Morgan: I would like to start by thanking you very much for the invitation. As you were saying, we have had problems in the past with getting our timetables to coincide, and so I hope that this will be a new beginning. Now that you are in your lovely new building, I hope that that will be easier for us.

[147] Before I talk about the energy paper, I congratulate the Assembly on a very successful conference of European regions with legislative power, Regleg, which was held in Wales some two weeks ago. It was a very successful conference, and I hope to talk about the Cardiff declaration in today's plenary in Brussels, so that the work that you did in Wales will feed into a response from us and from the European Parliament.

[148] While I have an opportunity to speak to you, I will also mention the convergence programme. Clearly, things are moving on there. I know that the end of the consultation period is coming up. I think that it is a very good paper, and it works on the basis of the Lisbon strategy, its whole emphasis being on creating a knowledge-based economy. The combination is absolutely crucial, binding together this attempt to tackle economic inactivity particularly, which is one of the greatest challenges in Wales, and the need to drive the economy forward through increased spending on research and development and innovation. We have to recognise that the challenges coming from China and India—the global economy—are crucial.

[149] I also congratulate the Assembly on Wales being the first and still the only area in the European Union to get a contract of confidence in its expenditure on structural funds. It has been a huge feather in the cap of the National Assembly, and we should be very proud of that in Wales. It should certainly cut down on the paperwork.

[150] On energy, as you have heard, I was the author of the European Parliament's response to the commission's Green Paper on energy. The paper is generally very broad, and energy has very much come to the top of the political agenda, not just in the UK but also in the European Parliament. It is a sensitive area, because there is still no legal basis in the EU treaties for energy, but there are several areas in which the European Union has competence, such as getting the single market to work properly, particularly on electricity and gas, which are very much part of the single market. The UK presidency put energy onto the agenda first, which showed a lot of foresight, particularly when you saw what happened last winter when the Russians cut off the supply to the Ukraine, which had a massive impact on western Europe. It made people realise that 70 per cent of the EU's future energy in gas was likely to come from Russia. So, if we did nothing, it would put us in a vulnerable situation as regards the security of our supply. It has led many people to think hard about what we can do about reducing that dependency.

[151] Last winter in the UK, there were also energy shortages for a number of reasons. We saw a massive price spike, particularly in gas, and yet we had the ironic situation of having a direct connection to the Netherlands, but we could not get any gas to come through it, despite the fact that our prices were three times higher than those in the Netherlands. So, something was not working in the single market, and that has been addressed and has made us focus here.

[152] A three-pronged strategy has been set up by the European Commission, and we agree with it: the importance of the security of supply; the sustainability element, of crucial importance to the Assembly; and maintaining our competitiveness in a global economy while tackling the first two issues. The big challenge is in squaring the circles and getting the balance corrected.

[153] On top of that, we have the whole climate change debate, and that has become critical to the energy debate. The implications of climate change are very serious. You saw the results of the Stern report. The issue has been taken out of the environmental sphere and placed firmly in the economic sphere. It is a global problem and we need a global solution, but there is no reason why the EU cannot take a lead on setting out our efforts to tackle global warming and climate change. Inaction today will lead to serious problems in future. For example, the wonderful building in which you are sitting could be under water in a century's time unless we take this issue seriously. You could see millions of pounds wiped off the value of homes in low-lying areas of Wales. We will see more flooding. The very fact that none of you is wearing a jumper when it is almost December proves the point that climate change is not impacting just on certain parts of the world; it is impacting on us already.

[154] How the Assembly engages with the energy debate is also interesting. Where does EU policy meet national and regional policy—and, of course, in EU terms, we talk about areas such as Wales as 'regional'? Let us start with the emissions issue and climate change. In the European Union, we have set up an emissions trading scheme. It is a cap-and-trade scheme, which means that energy users are given a certain allocation. Every year, the plan is that that allocation is reduced if the user goes above the allocation. Companies will have to buy credits. The system is still new, it is having teething problems, and it needs a radical review. In fact, the commission is coming up today with some proposals on how we can address that issue. The fact that we give away these allocations is contrary, I believe, to the principle of the polluter pays, which is fundamental to the European Union. So, we would like to see more auctioning of credits, when we are currently giving them away. If you want to pollute, you should pay for it.

10.40 a.m.

[155] We need to see this scheme extended to cover more sectors. About 40 per cent of the emitters are covered at the moment, and aviation is certainly an area that we need to look at. We need to ensure that this scheme, or schemes such as this, is ultimately extended internationally, because, as I say, it is a global issue that we have to tackle globally.

[156] However, we have to be sensitive, particularly in Wales, to the impact of this, because high-energy users are already feeling the pinch in terms of this emissions trading scheme. Many high-energy users in Wales, for example, Corus and other steel plants, have already experienced a lot of pressure. There is a huge chemical industry in Wales that we need to look at—it is perhaps something that you could also explore—in order to give a degree of protection in those specific sectoral areas where there are high-energy users. These are companies that have to compete in a global economy, unlike energy producers; energy generators, for example, cannot move to different parts of the world, whereas steel, for example, has to compete globally. We need to try to get that balance right.

[157] Energy efficiency is absolutely key and, frankly, the UK has a pretty poor record in terms of energy efficiency. I am pleased that the Assembly is taking it more seriously, and I see that it is written into the convergence programme, but, again, it is an area on which the Assembly and the UK Government can only go so far. You saw the UK Government's paper on that; it wanted to go further on energy efficiency, but realised that it could not. For example, you cannot regulate or legislate on television standby buttons nationally; it has to be done at an EU level because it is a single-market issue. So, all these kinds of issues need to be debated. There is a new energy efficiency action plan coming out with over 90 recommendations, which is something that perhaps your committee could look at. Again, it is the cheapest area in which we can tackle the whole issue of energy, and I think that it is an area on which the Assembly could take a leading role.

[158] Research and development is also a key area. Coal is a sensitive area because, if you think about the impact of climate change, coal is about the worst in terms of polluting. However, there are new opportunities, for example, carbon capture and storage, but why are we developing these things alone? Why do we not co-operate across the continent? That is an issue that we need to take on board. If we develop that kind of technology in the EU, we can then export it to places such as China, where it really matters. China is building a new coal-fired power station every five days, so we have to put in context our efforts in terms of the global need to tackle climate change.

[159] Energy mix is a sensitive issue, not just for you, but for us in the European Union. Frankly, member states tell us to get out of this area because it is something that they determine. I know that the Assembly has had discussions on nuclear energy and so on, and about who decides on that. It is the same thing for us at the EU level. We can provide a framework, and part of the framework that we have suggested is to set very ambitious targets on things such as renewables, because we want to see sectoral targets for renewables. There will be a new renewables road map coming out soon, and, again, we have a pretty poor record in the UK in terms of renewables, and we need to improve that. We have set up a very ambitious target in the EU, which is to produce 25 per cent of energy using renewables by 2020. We are way off that at the moment, but if we are serious about security of supply—and the whole jobs issue is something that we should be concerned about—we could make a lot more effort on the whole issue of renewables, in particular. Of course, there is a factory in north Wales that is producing solar-powered machines in order to increase our use of renewables.

[160] The single market is also a real area of concern for us. You have seen that the commission has carried out several raids across the continent where we think that there might possibly have been collusion. We also need to make sure that the single market works much better than it does at the moment and that interconnections are improved. There is an interconnection between Wales and Ireland that has been a line on a map for many years. I understand that that line may become more of a reality; the Irish government in particular sees that connection as being important for its security of supply.

[161] One of the other issues that we are particularly concerned about, and which was missing from the Green Paper, is consumers. For too long, we have been addressing only the needs of industry; consumers have to be centre-stage once again. That is something that I have tried to emphasise in my reports. It is funny, because liberalisation of the energy market happened a long time ago in the UK, but not on the continent. So, we have a bizarre situation where, for example, E.ON is a huge energy supplier in Wales now, as is EDF, which sponsors the rugby, so it is an important player. They come to our markets, but we cannot go to theirs. Companies such as Centrica and SWALEC find it difficult to access the German and French markets.

[162] You could also help out in terms of energy poverty, because we cannot do anything about that. We need to reflect upon that issue, but, once again, it is a member states issue, so you could help out on that. External affairs is another area where there is an issue, and we have to look at where we can co-operate. At the moment, every individual company negotiates individual contracts with the Russian company Gazprom. It plays off one country against another, which causes us problems. This is at a time when we are concerned about Russia's ability to deliver on the energy supplies, because the investment is simply not being put in. We may have an ironic situation whereby, because of the investment going into liquefied natural gas in Wales in particular—the pipelines are going down now and the infrastructure will certainly be in place in a couple of years in Wales—rather than gas coming from the east, we could see gas going to the continent from the west. So, there are many issues that we need to look at. We need to look at how we address the issues of the United States and China consuming too much and where we can co-operate, and we need to find common themes.

[163] I hope that that has given you an insight into some of the issues that we are looking at. They are global issues, but they have an impact with regard to what needs to be done, what you do in the Assembly, and what happens at local government level. So, I am happy to take questions on any of those points.

[164] **Sandy Mewies:** Thank you very much indeed, Eluned. The first question will be from Jeff Cuthbert.

[165] **Jeff Cuthbert:** Good morning. Thank you very much for that; it is a fascinating and important subject for us. I am of the view that we need a mixed bag to provide for our energy needs. That includes fossil fuels, sustainable fuels, and renewables, to the best of our ability. I feel that there is a role for nuclear power, for the time being at least. However, the specific issue that I want to mention, which you alluded to, is that of clean coal technology. Opencast mining is a sensitive issue here, but, knowing the south Wales coalfield basin, coal can be mined only on an opencast basis where the geology allows that to happen. However, it is a sensitive issue and I understand why people do not want that sort of facility near them and, likewise, with regard to windfarms and projects of that kind, there is always local opposition, although we do need them. Far more investment of time and money should go into examining the technology around clean coal, so that, as you said, we can not only make the best use of it here, but hopefully export that technology to places such as India and China. What enthusiasm is there within the European community for examining clean coal technology, perhaps in partnership with others here and in other countries?

10.50 a.m.

[166] **Ms Morgan:** Is it okay for me to respond now, Chair?

[167] **Sandy Mewies:** Yes.

[168] **Ms Morgan:** This is a controversial area because coal is part of the problem. I think that you have to be sensitive to the fact that it is a resource that is also in fairly plentiful supply, certainly in some countries in Europe. If you look at Poland in particular, its people would be pretty lost without coal. You have to be sensitive to the whole issue, but, at the same time, it is causing huge problems in terms of climate change. We have a zero-emissions technology platform, which is funded by the research and development programme of the European Union. It is an effort to get to a situation where we could have clean coal sequestration to occur within the EU. As part of what we are demanding of the commission, we have asked it to set up 10 fully functioning CCS plants by 2015, which is fairly ambitious, but I understand that it is possible, if we push forward. I think that the timing is imperative.

[169] I must tell you that, in some member states, they are setting up coal-fired power plants at the moment, which clearly do not have CCS, which means that investments are being made—we will need at least £1 trillion-worth of investment in this field in the next few years—and they will be locked in for at least 30 years. That will be 30 years of pollution that will impact on climate change. These decisions are critical in terms of timing. There is a huge appetite among us to see the development of CCS and I understand that there are possibly some plans for developments in Wales in this sphere.

[170] **Y Prif Weinidog:** Bore da, Eluned. Sut ydych chi y bore yma?

The First Minister: Good morning, Eluned. How are you this morning?

[171] **Ms Morgan:** I cannot see you. Oh, there you are.

[172] **Y Prif Weinidog:** Mae'n neis clywed dy lais di.

The First Minister: It is nice to hear your voice.

[173] I wanted to ask about your observations regarding auctioning carbon credits, or the permission to pollute, if you like, rather than using the baseline technology and then the cap-and-trade system. I heard what you said about your thinking that auctioning would be better and that one should ignore the baseline. I am not sure that I would go along with that, because I think that it is all about baselines and you have to give people the opportunity to say, 'Okay, well, that was the baseline'. There will always be arguments about the right baseline because some of the industries are highly cyclical and are therefore very sensitive to what year you choose. You then have to say, 'Okay, what you are trying to encourage is not reduced production of, say, steel, which carries with it a carbon dioxide emissions burden; what you are trying to stop are inefficient or polluting methods of production'. You are trying to encourage industries to turn around as quickly as possible to the technology for producing steel that is as energy-efficient as you can humanly make it.

[174] If you use the auctioning method, what you will do, by and large, is say, ‘Well, it is better not to bid for that; maybe we can simply shift production to countries that do not have any kind of energy-trading or carbon-dioxide trading system’. This is quite an interesting issue at the moment because there are two possible takeovers of Corus, either by an Indian company or a Brazilian company. It will be quite a while, I think, before India or Brazil want to become part of a world carbon-trading system. Instead of encouraging the British and Welsh steel industries to become more energy efficient, what you will do is encourage the industry to transfer the heavy-end of production—the hot metal part, which generates most of the carbon dioxide—abroad. You will then bring the slab in, but the heavy end of production will not be in the UK. You will find it quite wasteful because, instead of using waste gases from the front end of the steel works to heat the slab for rolling into flat products, you have to buy gas from the grid to heat the slab ready for the rolling mill. You will have imported the slab from Brazil or India, where there are no restrictions on carbon dioxide emissions in the hot-metal end. I still think that the baseline cap-and-trade method encourages energy efficiency more than an auctioning method with no baseline would.

[175] **Ms Morgan:** At the moment, the UK is one of the few member states in which there is a degree of auctioning, but that is currently only at 7 per cent, so it is very low. We do not necessarily need to go to full auctioning, but we do need to increase it, partly because of the polluter-pays issue. Currently, there are examples of energy companies, in particular, that are making a killing on the basis of ETS. I can cite you some examples in Germany where they have moved. Yes, we want to move the technology, but sometimes we want to move it into cleaner areas. We have to distinguish—and this is one of the points that I have tried to make—between energy companies that cannot move and those companies that are high energy users competing in the global economy. That is why we need sectoral protection, which is not in the equation at the moment.

[176] The International Energy Agency also thinks that this is a good idea. Only about 5 per cent of industry is affected, and I think that that is where we could give protection. I understand that some companies, such as SWALEC, have made profits out of the emissions trading scheme, but I can see no reason why anybody should be making profits from this. We have to give them incentives, but the current incentives are slightly perverse. It is more important that we set out specific targets for carbon emissions within the ETS. At the moment, there are national allocation plans, and the UK has been very good in terms of its national allocation plans. Some of the continentals have, however, been a disgrace, and they have put in national allocation plans under which they would pollute more than they currently do. We must get serious about that—we have ambitions for a 30 per cent reduction in carbon dioxide emissions by 2020, and member states have recognised that, if you want to meet the Kyoto target, then that is where you have to be. However, that is not translated into practice in the ETS. I think that we must go further towards auctioning, but give protection to those sectoral industries that compete in the global economy—and I would never compete with you, Rhodri, on steel; you seem to know a lot more about it than I do.

[177] **Y Prif Weinidog:** Diolch yn fawr.

The First Minister: Thank you.

[178] **Michael German:** Actually, Eluned, you have more or less answered the first part of my question, which Rhodri asked you, about the balance between trading worldwide or Europe-wide and how you manage the differences and difficulties that arise. On the same issue, what do you think about where the reinvestment occurs? On carbon trading—you mentioned SWALEC—are you suggesting that those who engage in that trading should be required in some way to assist in the investment in lower carbon emissions? It would be useful to know that.

[179] On the cap-and-trade users’ scheme, where are you in the legislative process? Do you anticipate that this will emerge as a piece of legislation at some stage, either as a directive or as regulations? Will that happen very shortly, or is it still some way off? Perhaps you could link your answer to your Green Paper, and when it is likely to emerge in the form of some approved legislation that member states will have to take on. What is the time lag between where you are now and where we will get to by the time that it is all concluded?

11.00 a.m.

[180] **Ms Morgan:** First, on reinvestment, part of the problem is that there is no requirement to invest. One of the problems in the EU is that the different regulators have very different powers. Our regulators in the UK have had several years in which to develop their independent roles, but it is a fairly new phenomenon on the continent; in some countries, in particular, regulators are so tied to the Government that they take their orders from the Government. We are trying to strengthen that system; we are trying to set down minimum requirements of those regulators and we are then requiring a degree of investment. It is difficult to stipulate that in relation to the ETS, to be quite honest. You can dictate to a degree, but you cannot go around insisting that companies like Centra do a particular thing. However, you can give companies incentives to do that.

[181] The incentive is currently a positive one in the sense that, if they sort themselves out, they can make some profit, whereas I think that it should be the other way around. For example, we should give them an incentive and say, 'Look, you will not have to pay those credits if you invest in renewable technologies, or you will have to pay less for a credit if you invest in clean-coal technology rather than in standard technology'.

[182] The cap-and-trade scheme is up and running at the moment, but there is currently a review of that. It has only been going for around two years. The review is occurring at the moment and the commission, as I say, is coming out with new proposals today on the ETS scheme and what should be changed, because there is a real problem in terms of a lack of harmonisation in relation to how those credits are allocated. For example, my understanding is that it costs £80 million more to set up a coal-fired power station in the UK than it does in Germany because of the ETS system and the fact that the set-up in Germany is so different from the UK. That is not fair or right. We need a much better degree of harmonisation.

[183] What happens next? There will not be any legislative changes to the ETS proposals that are coming out today. We are just trying to smooth out the system. What is more critical is what happens post 2012. Industry and energy companies are currently crying out for leadership on this. These are multi-billion-pound investments that are locked in for a long time. So, the ETS system with short phases is, frankly, no good to anyone. We need much longer timeframes with ETS and the issue is that, post 2012, we do not have very clear indications of what happens at the end of the Kyoto protocol in 2012. What happens beyond that is up for grabs. Legislative proposals will come to the Parliament, which are co-decision procedures, namely that Parliament has an equal say with the governments of Europe, and we expect those in summer 2007. So, things are moving and, of course, if you want to influence that debate, now is the time to do so. I have already had meetings with the commissioner to voice, in particular, my concerns on this issue of giving a sectoral degree of protection to those industries that compete in a global economy.

[184] **Christine Gwyther:** Good morning, Eluned. My question is on security of supply. You mentioned LNG in your presentation, which is very important for west Wales, not only in terms of jobs, but also in terms of security of supply. We expect gas-fired power stations to come on line as a result of having that security of gas supply. That is good news, because it is cleaner than what we have been used to in some areas of west Wales. However, concerns have been expressed to me that that could jeopardise grid capacity in south Wales, which could further compromise our obligation on renewables, because there just will not be that capacity for some renewable energy to feed in. I guess that that must be happening in other parts of Europe, where people are looking to modify their current arrangements to ensure security of supply. Has any work been done on that in other countries, and will you give us an update on that?

[185] **Ms Morgan:** On LNG, there is a real issue here; it is quite a problem. We have a situation where the people running the pipeline say that they want to bring in a certain amount of LNG, but they do not build in the extra capacity that might be needed in future. That is a problem: the regulators can go so far and ask what they need, but those companies are going to say that they do not need any more and that, therefore, they are not prepared to put in the finance to build a larger grid capacity. I have spoken to the UK regulators about this—about how we can get regulators to build in the possibility of instructing them. Clearly, you would have to offset that, because there is no reason why they should take on that responsibility if it is not necessarily going to be in their interest. It is something that regulators in the UK are aware of, but I do not think that much work has been done on it.

[186] On grid capacity, we have a real problem in the EU. We are seeing the development of more regional grids, rather than a big European grid. I think that that is probably the right way to do it: let us take it step by step, rather than have a big-bang approach. However, there are issues relating to grid capacity, and in particular to how you sell electricity in border countries. The real problems in terms of the EU have to do with those border issues. However, in our report, we said that we do not want to see any discrimination against renewables, and I think that that is happening at the moment, particularly if you consider offshore wind—the grid simply does not exist. In effect, renewables, such as offshore wind, are being discriminated against when it comes to access to the grid. We have made it clear that we are uncomfortable that renewables are, in effect, discriminated against because of a lack of access to the grid. Why should those companies have to pay for building access to the grid, when other, more conventional sources of energy do not have to? So, we are aware of that issue.

[187] **Sandy Mewies:** I see that there are no more questions from committee members. You know that we are doing work here on fuel poverty—indeed it is going on throughout the UK. It is a member-state issue. Fuel poverty contrasts with saving fuel. Energy conservation is a different issue; sometimes people confuse the two. I was interested to hear that you feel that consumers need to take centre stage with industry in the work that you are doing. I totally agree with you on that. What sort of work have you been doing in that area?

[188] **Ms Morgan:** It is quite a difficult area; it means stepping slightly on the toes of member states, so we must get the balance right. Energywatch in the UK has been quite successful, although not nearly enough people know about it and how easy it is to switch between energy companies today. I advise you all to use it. It is a fantastic set-up. Look at the website, www.uSwitch.com, which is very good. We need to let people know about it. It does not exist to the same extent on the continent. For example, in Belgium, people simply do not have any choice about their electricity or gas supplier. That is changing from 1 January, but our market has been open and liberalised for a long time. So, consumer choice is fundamental, as is transparency. Coming back to the regulators, we want some bottom-line requirements of regulators in the member states, and access for the consumer organisations to the regulators is pretty key. As you say, we cannot address fuel poverty in the EU. It has been done in different ways in France and in ways that we feel rather uncomfortable with; for example, France has set electricity prices below the market rate. That is problematic because that is, effectively, subsidising it and it means that companies such as Centrica and SWALEC cannot get into the energy markets in France. We think that that is unfair.

11.10 a.m.

[189] However, going back to your point, Sandy, the key point, and the easiest way for us to address the whole energy issue among poor people, is to look at energy efficiency. All kinds of schemes are now available, particularly for those who are on benefits, to get their homes insulated and so on for free. I think that we could be doing a lot more in that regard in terms of informing people about what is available. We need to work together on that. Fuel poverty does not just affect citizens in the EU; there are 2 billion people in the world without access to energy and we must not forget that when we talk about energy.

[190] **Sandy Mewies:** Thank you, Eluned. That was a very thought-provoking presentation. I hope that it is the first of many. I wish you and yours a very merry Christmas.

[191] **Ms Morgan:** Thank you very much. I think that Jill is just arriving for her gruelling inquisition.

11.12 a.m.

Jill Evans ASE
Jill Evans MEP

[192] **Sandy Mewies:** Good morning, Jill, and welcome to the European and External Affairs Committee. As I said to Eluned, we hope that this link will continue with our successor committee. We have felt in the past that we need to have much closer links with the MEPs but because of the different, busy schedules that we have had, it has been almost impossible. That is also true of the European institutions.

[193] You are going to make a presentation on the future development of the European Union and, in particular, the involvement of citizens, which we have touched on in recent committee meetings. We will be very interested to hear it. It will be followed by Members' questions, if that is okay with you.

[194] **Ms Evans:** Yes.

[195] Diolch yn fawr. Thank you for arranging the video link. This is essential. It has been difficult for us to attend meetings of the committee as we are working in Brussels in the week but it is crucial that we have this close link and exchange of information and ideas. Since I was elected in 1999, I have found this lack of communication between the Assembly and the MEPs a problem. Many major issues come up that affect Wales, such as the budget, the structural funds and so on, on which we all agree that we need to be fighting very hard for Wales, but we do not work closely enough together on them and I think that we often miss opportunities to maximise our influence in Brussels. We have to resolve that and I hope that this improved communication will help us to do so.

[196] In the European Parliament, I sit on the Committee on the Environment, Public Health and Food Safety. That is the main area of my work. I am also a substitute member on the Committee on Regional Development and the Committee on Women's Rights and Gender Equality, and I am a member of the European Parliament delegation with the Palestinian authority. When you asked me to come up with a subject to talk about, I decided not to talk in detail about the policy issues that I work on, although we have had some very important votes this week on the revision of the waste framework directive, for example, which is of great significance to Wales. We will be voting in December on the new registration, evaluation and authorisation of chemicals legislation, which, again, is of great interest to many people in Wales.

[197] However, I thought that it would be better for us to talk about the current situation now that we are into the second year of these years of reflection on the European constitution. Although it is hardly a topic of great interest or great debate among people in Wales, or anywhere else probably, it is very important that Wales and the Assembly has an input into these discussions. You know that on 1 January 2004 the European Union nearly doubled in size but no changes were made to how the European Union works. In January, we will have another two members, Bulgaria and Romania, therefore, we will have 27 member states. Everyone can see that there is a desperate need for change because things are happening at a much slower rate now. Things are taking a long time. There are more blockages in the Council of Ministers, so something needs to be done urgently.

[198] Had the constitution been adopted, it would have come into force at the beginning of this month. However, following the ‘no’ votes in France and the Netherlands, the aim was for everyone to take some time out, let off the pressure, and look at things again coolly and calmly and come back at the end of one year. That year came and went. As the Belgian Prime Minister said, instead of an explosion of ideas, there was a deafening silence. We are now into the second year of reflection and there is an awful lot of discussion taking place at this level and we are no closer to a solution, as far as I can see. The president of the European Parliament, Josep Borrell, said recently that he wants member states to carry on, and to keep ratifying the constitution and to keep going until some other decision is made, or until it is forced through. He is not the only one to think that; there are many people who think that the process should continue despite the ‘no’ votes. There are other people, some of whom are strongly in favour of the constitution, who now say that it is dead and that we should forget it and leave it alone. Only seven out of the 27 countries have not yet ratified the constitution, the UK being one of them. I feel that we need a very open and mature debate on the European Union in Wales, but the constitution is not necessarily the most positive place to begin. As I said, there has been, and there still is, a tremendous amount of discussion and debate, but it has been confined to the same small group of organisations, interest groups and so on: a lot of people talking to themselves, really, and not really talking to the people.

[199] The commission’s Plan D for Democracy, Dialogue and Debate has probably been one of the most positive initiatives. I addressed one of the town hall meetings that have been held in Wales—in Llangollen—which was very well attended, and there were many young people there from the local college. However, I still would not say that it was representative of the local people. How to ensure that is the big question.

[200] As things stand at present, Germany is about to take over the presidency of the European Union and we know that a declaration of European values and ambitions will be adopted in the Berlin summit in March 2007 to celebrate the fiftieth anniversary of the Treaty of Rome. That will hardly be enough to resolve what is happening at present. The saddest thing about all of this is that the convention was set up to reflect the views of the people of Europe and reconnect with people, but that did not happen. Trying to go back to the old system whereby Government leaders decided on these major issues behind closed doors is not acceptable either.

11.20 a.m.

[201] Therefore, we have to look at how we, and Wales, can influence this process. I would like to suggest some concrete but fairly simple measures that could be taken. First, a physical presence is important. Since my election, I have campaigned for us to have a European Parliament office in Wales. There is one in Scotland and one in England, and we have discussed this matter previously in committee. These offices do a good job, alongside the European Commission offices, providing information and a focus for the parliament, which is the only democratically elected part of the EU. I had hoped that, with the building of the new Senedd, something could be incorporated into that, even it were only an interactive communication point for the parliament, which parliamentary officials have discussed before. I ask the committee to revisit this issue to see whether something could be proposed to the European Parliament so that we have a physical presence in Wales.

[202] Although the European constitution was not adopted, some innovative ideas were put forward which, I think, we could take up. One such idea is the citizens’ initiative. On a European level, this means that, if 1 million people across Europe sign a petition, the commission must consider acting on it. ‘Must consider’ does not sound very strong, but it would in fact mean that the commission would probably have to set up working groups, conduct research and present a report to parliament and so on. It would be the first time that European citizens would have a direct input into the process of proposing laws on a European level. It has actually just been attempted—and achieved in one sense—in a petition to stop the European Parliament from having two seats, that is, to get the European Parliament to meet only in Brussels. The fact that we move to Strasbourg costs European taxpayers £140 million a year. The petition to prevent that, to have just one seat in Brussels, was launched at the beginning of the summer, and it reached more than 1 million signatures very quickly. It has not come into force, of course, because the constitution was not adopted. However, the idea of a citizens’ initiative is very good. The European Parliament has a Committee on Petitions so that European citizens can present a

petition to parliament if they believe that their rights have been infringed, or that some piece of European legislation is being broken in their member state. The committee cannot change laws, but it can take up issues with the commission. Of course, ultimately, the commission can take action against a member state. I used this process successfully, before I became an MEP, when I presented a petition on the Nantygwyddon landfill site.

[203] I have been in discussions with officials from the Committee on Petitions, because they are looking at improving the process again, and the model that they are using is the same as that used in the Scottish Parliament. It is a successful model, as it gives people in Scotland access to the Scottish Parliament, and the committee there can call Ministers to appear before the committee, and request parliamentary time to discuss a petition. I would really like to see the National Assembly adopt this in future, as it is a good model.

[204] The final issue that I wish to touch on is language. Your committee has had several reports on progress in the European Parliament on minority or non-official languages. To date, as I understand it, the UK Government has not made a formal request for working-language status for Welsh in the European institutions. However, perhaps you could inform me of progress in this regard, as it is very topical. One of the new commissioners, who will presumably start work in the new year, if he is appointed, will be responsible for multilingualism. Hearings were held with this commissioner—Mr Orban from Romania—on Monday. He has been quite cautious in his replies about language so far; he did not want to challenge any existing policies, but he did confirm that all languages, including regional and minority languages, are part of his remit. So, for the first time, we have a full-time commissioner looking after language and language issues. He also confirmed that all those languages are eligible for lifelong learning programme funding, which is of great importance to us in Wales. He made the point, which we have made before, that, if people are going to be involved in debates on the future of Europe, they must be able to respond and take part in the language of their choice. I have suggested to Mr Orban that if all goes well and if he is appointed, he might like to come to Wales to see our situation at first hand.

[205] To close, Chair, I would like to see the Assembly playing a real role in the debate on the future of Europe, involving us as MEPs as well as the people of Wales, whether through a website debate or several other possibilities. As an MEP, I would welcome more information generally from the Assembly, as I have said many times in the past, such as policy briefings on many important issues that come up, and things on which we can agree on a cross-party level, which are in the interests of Wales. That would help our work and your work, and it would certainly help us all to raise the profile of Wales. Diolch.

[206] **Sandy Mewies:** Thank you, Jill. Again, there were some very thought-provoking ideas.

[207] **Rosemary Butler:** Good morning, Jill. It is nice to see you somewhere other than the waiting room at Brussels airport. I will just come back to the point that you made about the Welsh language not being able to be used as a language in the European Parliament—and I now speak as Chair of the Assembly's Culture, Welsh Language and Sport Committee and as a member of the Committee of the Regions in Brussels. I thought that it had been agreed that it could be used, but, of course, the nation state government would have to pay for the translation facilities. Could we get some clarification on that, whether from your end or from someone here?

[208] **Ms Evans:** As I understand it, when the Spanish Government made the application for the languages in Spain—Basque, Catalan and Galician—the decision that was taken by the Council of Ministers was not specific to Spain; it was general, which means that any member state could request that status for any official language in their member state or in part of it. So, there was no question about a delay; it was just for the member state to make the request. In the case of Spain, the Spanish Government is covering all the extra costs, but, as I understand it, the UK Government has said that the Assembly would have to cover the costs, which are slightly different, of course. I do not believe that it was in the Council of Ministers' decision that the member state should cover the cost, but I could be wrong on that. I believe that it is the UK Government that should cover the cost of it. However, I know that the Assembly or your committee has made representations to the UK Government on this.

[209] **Rosemary Butler:** Thank you for that. It might also be worth us following that up at our end.

[210] **Sandy Mewies:** We had a discussion on Welsh as an official language not too long ago. My understanding—though other people may know better—is that the difficulty is over translation. That may not be correct, but we will get an update on that and we will send the information forward to you, and to Members.

[211] **Rosemary Butler:** I think that it can be done, but the issue is just the funding of it.

[212] **Sandy Mewies:** There are issues, I have talked briefly to Anna about translation, and we just need to clarify what they are, specifically.

[213] **Ms Evans:** We actually got the rules of the Parliament changed so that we are now officially able to speak Welsh in parliament, but we do not get a translation. It is a symbolic decision, in a way, but it is important that we can use Welsh in the European Parliament. The translation issue is crucial.

[214] **Sandy Mewies:** That was part of the discussions that we have already had. We were aware of that.

11.30 a.m.

[215] **Ieuan Wyn Jones:** Helo, Jill. Diolch yn fawr iawn am y cyflwyniad. Ni wn a wyf yn edrych i'r cyfeiriad iawn, oherwydd nid ydym wedi defnyddio'r dechnoleg hon erioed o'r blaen. Mae'r cyflwyniadau yr ydym wedi eu cael y bore yma gan Eluned a Jill yn enghraifft o'r ffordd y gallwn gydweithredu ag Aelodau o Senedd Ewrop. Mae'r ffaith bod Eluned a Jill wedi gallu siarad â ni heddiw wedi ein helpu i ddeall rhai o'r pethau sy'n digwydd ar y llwyfan Ewropeaidd.

[216] Cytunaf, wrth gwrs, â'r pwyntiau a wnaed am y defnydd o'r iaith, ond yr oedd dau bwynt yn codi o'r drafodaeth a oedd o ddiddordeb i mi. Y cyntaf oedd y syniad bod rhai pobl yn Ewrop yn credu mai'r ffordd i symud ymlaen ar y cyfansoddiad yw i bob gwlad ei gadarnhau. Yn ôl yr wybodaeth yr ydym wedi ei chael, sylwaf fod 15 gwlad wedi gwneud hynny hyd yma, felly, yn amlwg, mae 10 ar ôl. A gredwch fod modd i berswadio'r 10 sydd ar ôl i'w gadarnhau, neu, a gredwch fod rhaid i ni fynd yn ôl at y dechrau? Dyna fy mhwynt cyntaf.

[217] Mae'r ail bwynt yn ymwneud â phresenoldeb Senedd Ewrop yng Nghymru. Nid oeddwn yn gwybod am unrhyw drafodaethau ffurfiol nac anffurfiol ynglyn â chael presenoldeb o ryw fath yma yn adeilad y Senedd. Hoffwn wybod a wnaed cais ffurfiol am hynny ai peidio, oherwydd, erbyn hyn, mae'r comisiwn cysgodol wedi'i sefydlu yn y Cynulliad, a hwnnw fydd yn gyfrifol am redeg yr adeilad ac am weithgarwch y Senedd ar ôl 2007. A oes cais ffurfiol wedi'i wneud neu a fyddai modd gwneud cais ffurfiol yn awr er mwyn i'r comisiwn ystyried a fyddai cael rhyw fath o ddesg boeth neu ryw beth tebyg yn briodol? Credaf fod hwnnw'n syniad diddorol y gallwn ei drafod.

Ieuan Wyn Jones: Hello, Jill. Thank you very much for the presentation. I do not know whether I am looking in the right direction, as we have never used this technology before. The presentations that we have had this morning from Eluned and Jill are examples of the how we can co-operate with Members of the European Parliament. The fact that Eluned and Jill have spoken to us today has helped us to understand some of the things that are happening on the European stage.

I agree, of course, with the points that were made on the use of the language, but two points arose from the discussion that were of interest to me. The first was the idea that some people in Europe believe that the way ahead on the constitution is for it to be ratified by every country. According to the briefing that we have received, I note that 15 countries have done so thus far, and so, obviously, there are 10 left. Do you think that there is a way of persuading the 10 remaining countries to ratify it, or will we have to go back to the beginning? That is my first point.

My second point relates to a European Parliament presence in Wales. I did not know of any formal or informal discussions about having some form of presence in the Senedd building. I would like to know whether a formal application has been made for that, because, by now, the shadow commission has been established in the Assembly, which will be responsible for running the building and the activities of the Senedd after 2007. Has a formal proposal been made or would it be possible to make a formal application now so that the commission can consider whether a kind of hot desk or something of that sort would be appropriate? I think that that is an interesting idea for us to discuss.

[218] **Ms Evans:** Mae eich ail bwynt yn un da. Ar ôl i mi gael fy ethol, ysgrifennais at nifer o fudiadau yng Nghymru yn gofyn iddynt gefnogi'r cais i gael swyddfa yng Nghymru. Cefais ymateb gwych ar y pryd. Mae'n deg dweud bod y pump ohonom, fel Aelodau o Gymru, yn gytûn ar y mater ar y pryd. Gwnaethom gais ffurfiol i Senedd Ewrop ond, ar y pryd, yr oedd yn edrych tuag at ehangu, felly aeth yr adnoddau i gyd i'r gwledydd newydd yn hytrach na'r gwledydd presennol. Yn y cyfamser, yr wyf wedi codi'r mater nifer o weithiau, ond ni chafwyd unrhyw ddatblygiad ffurfiol. Ni chredaf fod cais ffurfiol wedi'i wneud i'r Cynulliad. Felly, mae'r ffaith bod y comisiwn yn bodoli yn golygu eich bod yn gallu rhoi'r mater ar yr agenda, neu gallwn ni, fel Aelodau o Senedd Ewrop, gysylltu â'r comisiwn a gwneud cais i'w roi ar yr agenda, oherwydd dyna'r ffordd i symud ymlaen. Gyda'r holl dechnoleg sydd gennym, nid oes dim rheswm pam na allwn gael rhywle yn y Cynulliad lle y gall pobl gyfathrebu'n uniongyrchol â Senedd Ewrop. Dyna'r ffordd ymlaen.

[219] Ar y pwynt am y cyfansoddiad, mae gwahaniaeth barn mawr. Hyd yn oed o fewn y senedd, yr ydym yn gweld llawer o anghytuno o ran y ffordd orau ymlaen. Awgrymodd yr Eidal a Ffrainc yn bennaf y dylem dynnu rhywfaint o'r pethau ymarferol o'r cyfansoddiad, yn hytrach na'r polisiâu, er mwyn ceisio cael cytundeb arno.

[220] Fy nheimlad i yw bod cymaint o gymhlethdod ac anghytundeb ar hyn o bryd, nad wyf yn gweld, er enghraifft ym Mhrydain, sut y gallwn ddechrau trafodaeth bositif am y cyfansoddiad. Gwyddom y byddwn yn cael refferendwm a rhaid i lawer o'r gwledydd eraill, fel Iwerddon, gael refferendwm. Mae rhai o'r gwledydd sydd eisoes wedi cadarnhau'r cyfansoddiad wedi dewis gwneud hynny drwy'r senedd am eu bod yn ofni refferendwm am eu bod yn gwybod y byddai'r bobl yn pleidleisio yn ei erbyn. Ni welaf unrhyw opsiwn arall ond mynd yn ôl at y confensiwn. Sefydlwyd y confensiwn i gynrychioli pobl Ewrop, yn hytrach na gadael yr holl benderfyniadau pwysig i'r arweinyddion. Mae'r ymdrech gyntaf wedi methu, ond credaf y dylem fynd yn ôl, efallai ar ôl yr etholiadau nesaf yn 2009, gyda chomisiwn a senedd newydd, ac aildechrau'r broses bryd hynny. Oni bai fod llywyddiaeth yr Almaen yn cynhyrchu rhywbeth newydd a fydd yn cael cefnogaeth, ni welaf lawer o obaith o ran symud ymlaen gyda'r confensiwn fel y mae ar hyn o bryd.

Ms Evans: Your second point is very good. After I was elected, I wrote to a number of organisations in Wales asking them to support the proposal to have an office in Wales. I had an excellent response at the time. It is fair to say that the five of us, as Members from Wales, agreed on this at the time. We made a formal application to the European Parliament, but, at the time, it was looking at enlargement and so the resources were all allocated to the new countries rather than to existing countries. In the meantime, I have raised the matter several times, but there have been no formal developments. I do not believe that a formal request has been made to the Assembly. Therefore, the fact that the commission exists means that you can put this on the agenda or we, as Members of the European Parliament, could contact the commission and apply for it to be placed on the agenda; that is the way to move forward. With all the technology that we have, there is no reason why we cannot have somewhere in the Assembly for people to communicate directly with the European Parliament. That is the way forward.

On the point about the constitution, there is great difference of opinion. Even within the parliament, we see a good deal of disagreement on the best way forward. Italy and France, particularly, suggested that we take out the practical parts of the constitution, as opposed to the policies, to reach an agreement on it.

My feeling is that there is so much confusion and disagreement at the moment that I cannot see, for example, in Britain, how we can initiate a positive discussion on the constitution. We know that we will have a referendum, and many of the other countries, such as Ireland, must have a referendum too. Some of the countries that have already ratified the constitution have chosen to do so through the parliament because they are afraid of a referendum because they know that the people would vote against it. I do not see any other option other than returning to the convention. The convention was established to represent the people of Europe, rather than allowing all the important decisions to be made by the leaders. The first attempt has failed, but I believe that we should return, perhaps after next year's elections in 2009, with a new commission and parliament, and restart the process at that time. Unless the German presidency produces something new that will receive support, I do not see much hope of moving forward with the convention as it stands at the moment.

[221] **Sandy Mewies:** Does any Member wish to come in? Andy, do you have any comments to make or questions that you wish to ask on plan D, for example?

[222] **Mr Klom:** Thank you for an opportunity to speak, Mrs Chair. I have spoken a lot to this committee about plan D so, over the past year, you have heard a lot about it from me. It is continuing from the commission's side. We have said that it is not just for this period of reflection; it should be a longer term approach in order to reach out to citizens and bring the EU closer to them and their local concerns. We hope to continue with plan D and our events in Wales during the course of next year.

[223] On the issue of a parliament office in Wales, as a commission, we have nothing to do with that; it is the sovereign responsibility of the parliament to decide that. Just to put it in a framework of comparison, here in the UK, all the devolved Governments enjoy a European Commission office, but that is not the case for the European Parliament. Many other autonomous and regional governments within Europe do not have a commission office or a parliament office in their country. It is not an automatic decision taken by the European Parliament or other European institutions, such as the commission, to establish offices in regional capitals, because of the law-making capability or autonomy of particular governments. However, in this case, as there are already commission offices on the ground in Edinburgh, Belfast and here, in Cardiff, there is a stronger argument for that, but the decision is very much up to the European Parliament. In that respect, as we are in one of the areas where there is no parliament office, we offer our full support to the parliamentarians and parliament officials in trying to reach out to Welsh constituencies, through the logistical support that we can give in Cardiff.

[224] **Sandy Mewies:** Thank you, Andy. I also thank Jill very much for her presentation, which was most interesting. I hope, as I said before, that it will be the first of many. Of course, if you have ideas about topics that you feel we ought to discuss, Jill, please feel free to forward them to the clerk. This is the last committee meeting before Christmas, so I wish you and yours a happy and relaxed festive season. Thank you very much for talking to us today.

[225] **Ms Evans:** Thank you very much. I have enjoyed it.

[226] **Sandy Mewies:** That is the end of this meeting. The video link was quite successful and I am pleased that that has happened. I thank everyone who was involved with the video link, because it went very well indeed. It is an excellent tool for us to use in the future. Congratulations to everyone who was involved with that.

[227] This is the last committee meeting before Christmas, and, while it is a bit early in the day—I will see some people about, but not everyone—I wish everyone whom I will not see a very relaxing and enjoyable Christmas and a peaceful new year. I also thank everyone involved, including the clerks, the people who prepare the Record, Members' research service staff, and the people who do our translation and sound, for all the work that they have done during the year. Thank you very much. I declare the meeting closed.

*Daeth y cyfarfod i ben am 11.40 a.m.
The meeting ended at 11.40 a.m.*