



**Cynulliad Cenedlaethol Cymru  
The National Assembly for Wales**

**Y Pwyllgor Materion Ewropeaidd ac Allanol  
The Committee on European and External Affairs**

**Dydd Llun, 1 Mawrth 2010  
Monday, 1 March 2010**

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Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynddi 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'r pwyllgor yn bresennol**  
**Committee members in attendance**

Jeff Cuthbert	Llafur Labour
Michael German	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Rhodri Morgan	Llafur (Cadeirydd y Pwyllgor) Labour (Committee Chair)
Rhodri Glyn Thomas	Plaid Cymru The Party of Wales

**Eraill yn bresennol**  
**Others in attendance**

John Bufton ASE/MEP	UKIP—EFD (Ewrop Rydd a Democratiaidd) UKIP—Europe of Freedom and Democracy
Jill Evans ASE/MEP	Plaid Cymru—Green/European Free Alliance (y Gwyrddion/Cynghrair Rydd Ewrop) Plaid Cymru—Green/European Free Alliance
Yr Athro/Professor Danuta Hübner ASE/MEP	Cadeirydd y Pwyllgor Datblygu Gwledig, Senedd Ewrop Chair of the Regional Development Committee, the European Parliament
Gerhard Stahl	Ysgrifennydd Cyffredinol, Pwyllgor y Rhanbarthau Secretary General, Committee of the Regions
Dr Kay Swinburne ASE/MEP	Y Ceidwadwyr—y Ceidwadwyr a'r Diwygwyr Ewropeaidd Conservative—European Conservatives and Reformists
Derek Vaughan ASE/MEP	Llafur – Cynghrair Flaengar y Sosialwyr a'r Democratiaid Labour – Progressive Alliance of Socialists & Democrats

**Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol**  
**National Assembly for Wales officials in attendance**

Lara Date	Clerc Clerk
Gregg Jones	Pennaeth Swyddfa UE Cymru, Gwasanaeth Ymchwil yr Aelodau Head of Wales EU Office, Members' Research Service
Sarita Marshall	Dirprwy Glerc Deputy Clerk

*Cynhaliwyd y cyfarfod yn swyddfeydd Pwyllgor y Rhanbarthau, Brwsel.*  
*The meeting was held in the offices of the Committee of the Regions, Brussels.*

*Dechreuodd y cyfarfod am 2.08 p.m.*  
*The meeting began at 2.08 p.m.*

**Cyflwyniad, Ymddiheuriadau a Dirprwyon**  
**Introduction, Apologies and Substitutions**

[1] **Rhodri Morgan:** Hoffwn eich croesawu i'r cyfarfod hwn o'r Pwyllgor Materion Ewropeaidd ac Allanol, sy'n cael ei gynnal ar Ddydd Gŵyl Dewi.

**Rhodri Morgan:** I welcome you to this meeting of the Committee on European and External Affairs, being held on St David's Day.

[2] I welcome you all to this official and formal meeting in Brussels, in the excellent facility that has been provided by the Committee of the Regions. As I have made clear by my own example, all formal proceedings of the National Assembly for Wales operate bilingually, with interventions by Members and guests welcomed in either English or Welsh. Headsets are available in the room for translation. If anyone makes an intervention in Welsh, those of you who are unfamiliar with the language of heaven can hear it translated on the second channel. In the meantime, I ask everyone, including me, to make sure that all mobile phones and other electronic devices are switched off completely. Even if they are on ‘silent’ mode, they may interfere with the sound equipment.

[3] In the event of an emergency, please follow the instructions that are given over the public address system or by members of the firefighting or first-aid team, and make your way to the assembly point, which is the basketball court of Parc Léopold, which is located on Rue Wiertz, between the JDE building that we are in—I wonder what that stands for—and the European Parliament hemicycle. Turning to instructions on how to operate the microphones, you will be pleased to hear that the microphone is a Welsh invention. It was invented by David Hughes, one of the greatest Welsh scientists and technologists of all time. Nevertheless, you still have to operate it. You have to press the bottom button—the one with the picture of the finger pointing and the waves radiating out from it. The top buttons are for getting the right channel and for the volume, and the bottom button is to operate the microphone.

[4] I have received one apology from committee member, Nick Bourne. The other members of the committee, namely Rhodri Glyn Thomas, Mike German, Jeff Cuthbert, and me, Rhodri Morgan, are here today. I invite Members to make any relevant declarations of interest under Standing Order No. 31.6.

2.10 p.m.

[5] **Jeff Cuthbert:** I should declare that I also hold the position of chair of the Programme Monitoring Committee on structural funds for Wales.

[6] **Rhodri Morgan:** Are there any other declarations? I see that there are not. [*Inaudible.*]

**Ymchwiliadau Craffu y Pwyllgor: Strategaeth EU 2020 a Dyfodol y Polisi  
Cydlyniant—Casglu Tystiolaeth  
Committee Scrutiny Inquiries: The EU 2020 Strategy and the Future of  
Cohesion Policy—Evidence Gathering**

[7] **Rhodri Morgan:** We will proceed with our evidence gathering for item 2. We have been conducting an inquiry into the future of EU cohesion policy since the middle of last year. I say ‘we’ in the loose sense, because I was not Chair of the committee at that time. Sandy Mewies started off as Chair before moving on to chair another committee. I was First Minister at that time, before I moved on and was promoted to the job of chairing this committee. It is a timely inquiry because we have a new European Commission and newly appointed commissioners for regional policy and employment, social affairs and inclusion: Commissioners Hahn and Andor.

[8] During 2010, the European Union will gradually formulate its 2020 strategy but, in the meantime, we wanted to inject our proposal into that process and so, to do that, we are conducting an inquiry, not only in Wales, but also here in Brussels. I am therefore pleased to welcome our first guest today, namely the Chair of the European Parliament’s Regional

Development Committee, Professor Danuta Hübner MEP, who is well known to members of this committee and to many in Wales in her previous capacity as the European commissioner for regional policy. Indeed, only last March, in that capacity, she gave evidence to this committee's inquiry into the future of cohesion policy. Now that she has seven or eight months' experience of being in the European Parliament, instead of being in the European Commission, and particularly now that she chairs the Regional Development Committee—and no-one is better qualified to do that than Danuta in light of her previous employment—it is extremely gratifying that she has agreed to give us her time this afternoon. She is to give us her impressions, from a parliamentary perspective, of how this review of cohesion policy in Europe will go and what key policy points she thinks we should consider so that we can decide how to inject our contribution to the debate as we complete the next stage of our inquiries. So, I will give you the floor to speak entirely freely from your new perspective, Danuta, and we will then put some questions to you.

[9] **Professor Hübner:** Thank you very much for the invitation, Rhodri. I am extremely happy that you have not forgotten me. I also greet you on the occasion of your national day. I would like to hear the language of heaven, if possible. I understand that you would like to ask me questions, first of all, so I will try to be brief, but I will say a few introductory words.

[10] First, both the EU 2020 and the post-2013 cohesion policy will be on the policy agenda and reflected in the budget. That is why it is important to look at both drafts at the same time. Looking for the links between the EU 2020 and the future cohesion policy is absolutely essential. As an aside, you also have to follow what the Parliament will be doing because we have a discussion in Parliament on the possibility of moving from a seven-year to a five-year financial perspective. That means that we might have some irregularity during the transitional period. At this stage, we cannot exclude the extension of the current financial perspective for two years and then to have a five-year period. I mention it because it exists here and there as an idea, even in writing, and because it is already rooted in the previous parliamentary term. The link between EU 2020 and the post-2013 policy is extremely important.

[11] Secondly, whatever the final version of the EU 2020 will be, if we are serious about results, all European policies will be harnessed for the implementation, execution and delivery of this agenda, making cohesion policy and all other policies equally important. However, my conviction is that there is a special role for cohesion policy in the EU 2020 agenda that I think we should all appreciate.

[12] We need this EU 2020 agenda not only because of the global challenges that we want to respond to adequately as an union—and we are already trying to do that with some issues—but because such a strategy or vision, as well as the action plan and concrete projects that emanate from it are also needed so that we can organise ourselves around these common goals in the European Union. We do not have European instruments a priori to implement such a strategy; each time we come forth with a strategy, we are looking for the best ways in which to implement it. I am a little worried that there is a complete lack of urgency; it takes too much time to implement strategies in Europe. The first draft was made public in November. Two days from now the commission may have a second draft. We have already had one summit, and we will have another formal summit in March, and then the council will, most likely, hold a summit in June that might adopt the strategy, but that will still be the very beginning of the process. We will then have to make it operational. We, in Europe, do not understand that the world is moving extremely quickly in the meantime, and a sense of urgency for all new actions is extremely important.

[13] One issue related to the strategy that will be important once we make it operational is the need for a link between the old crisis exit strategy and long-term growth. We all know that billions—and some say trillions—of euros are being pumped into the economy through all

sorts of public interventions, and if we do not see all those crisis-related funds building competitiveness and the long-term sustainable development of Europe, we might risk a lost decade, which we just cannot afford.

[14] I also think that the current draft of the strategy lacks a governance method or machinery for delivery. The proposal is practically silent on how to achieve what we think is important for Europe. There is nothing new about the objectives of sustainable development, knowledge-based growth, social inclusion and investment in skills. We have been trying to achieve those things for quite some time, and we had already entered this pass before the crisis hit. So, the real challenge is not so much deciding on the objectives, which I think we would all agree on, but deciding how to achieve them and how to make Europe act with the sense of urgency that I mentioned.

[15] The second weakness is that the strategy does not really take into account the diversity of the European Union, but treats the union as one entity—which we are, institutionally, but in development potential and comparative advantages, Europe is extremely diversified. For decades, we have been talking about this diversity, but we have never made use of it, so I think that this dimension is truly lacking here.

2.20 p.m.

[16] The third weakness of this document, which will be fundamental for the implementation, is that it limits Europe to European institutions and member states. It totally forgets about what we call an active citizen or an involved society. It completely ignores the existing multilevel governance in the European Union; there is no space for the role of local and regional levels of Europe. There is no role for partners, without whom we will probably not achieve any change in Europe. Among those partners there are those who are the real drivers for growth; businesses, academia, and university structures. This area is one of this document's weaknesses. I believe that we should aim such a strategy towards ownership, not only by European institutions and European member states, but we should aim at having the regional and local levels as important co-owners of such a strategy. You know better than I do that they have many important policy tools at their disposal and they also have the enthusiasm of all partners. This is normally there, but it is lacking. Without the involvement of multilevel governance, we might risk leaving some parts of Europe as territories with growth deficit or without growth at all. Europe is too small to afford to leave part of its territory without growth. I emphasise that this part of potential strategy is very important.

[17] **Rhodri Morgan:** Okay, thank you. I have two questions before I throw it open to Members. If I understand what you are saying correctly, you are putting it to us that, in the recovery from the financial crisis, and the national debt reduction and austerity programmes, the number one priority will be for Europe to recover from the shock of the financial crisis. As a consequence, regional policy will drop in priority and there will be almost a trickle-down theory for bringing prosperity to the region. It will happen because world European trade recovers, not because of a regional policy. I would like you to comment on that.

[18] The second question is about the potential divergence between the social policy and social fund, and the activities of DG Employ led by the new commissioner, Commissioner Andor. It used to be the twin of DG Regio and your old job under its new commissioner, Commissioner Hahn. What if DG Employ and Commissioner Andor want to detach themselves from using GDP per head relative to the European average and use some other criteria, such as unemployment or poverty? Likewise, what if Commissioner Hahn wants to move towards having a strategy for the cities, regardless of whether the cities are in a convergence area or not, looking at poverty within the big cities like London, Paris and Vienna, and finding resources to assist them as well as your convergence areas?

[19] **Professor Hübner:** [*Inaudible.*] Europe needs a huge change. I believe that we will get out of the crisis. However, it is not about just getting out in any way, but with clear criteria intentions in a well-orchestrated effort between all levels of governance. All concerns have to be taken on board. I am totally against what you are saying about that the regional policy might be marginalised or treated as a trickle-down policy. I think that regional policy, according to the new treaty, is the major mechanism to achieve cohesion in Europe. The treaty is not ambiguous on that. I could probably talk for two days about how important it is.

[20] You mentioned one important issue; you mentioned the social fund but one can think of other funds in the European Union such as the fisheries fund, regional and cohesion funds, the rural development fund, and employment and research funds. There are many policies that you could look at in a sectoral or modern way, all of which could support the integrated approach to development if properly organised.

[21] There is an idea in the air of having a single framework for the cohesion policy, which would be extremely difficult in the commission discussion because, on the social fund, the process of looking at it from the point of view of employment policy and harnessing it nationally to cope with unemployment is well advanced. However, the question then is who will be coping with social cohesion at the regional level?

[22] The ideal situation, in my view, is to have a single framework at the European level where we would treat the development challenges in an integrated way, which would help individual policies with financial instruments contributing in a concerted way. One would think of having one operational programme at the regional level in east Wales, west Wales or the Valleys—one operational programme with an integrated approach to development and a good joint strategy agreed among all of the actors and then individual European policies and funds contributing to this operational programme. This, in my view, would ensure simplification. You could have one managing authority instead of having five at the same time. This would also mean a better response to the development tasks or challenges.

[23] **Rhodri Morgan:** Rhodri Glyn Thomas is going to come in on channel 2.

[24] **Rhodri Glyn Thomas:** Diolch yn fawr iawn, Athro Hübner, am eich sylwadau ac yn enwedig am eich pwyslais ar yr agwedd ranbarthol a'ch agwedd tuag at y polisi cydlyniant. Yr oeddech yn gryf iawn ynglŷn â hynny.

**Rhodri Glyn Thomas:** Thank you very much, Professor Hübner, for your comments, particularly your emphasis on the regional aspect and your approach to the cohesion policy. You came over strongly on that.

[25] Yr ydym, fel gwlad, mewn sefyllfa ddiddorol ynghylch ailgenedlaetholi'r polisi cydlyniant. Mae'r Deyrnas Unedig, fel aelod-wladwriaeth, wedi bod yn dadlau'r achos hwnnw, lle yr ydym ni, yng Nghymru, yn teimlo bod yr agwedd ranbarthol yn eithriadol o bwysig. A ydych yn credu bod y ddadl i ailgenedlaetholi'r polisi cydlyniant wedi ei cholli bellach? Fel dilyniant i'r sylwadau a wnaed gan y Cadeirydd, a ydych yn rhagweld unrhyw berygl, yng nghydestun yr argyfwng ariannol presennol, y gallai'r ddadl hon ailgodi yng nghydestun arian strwythurol? Gallai hyn olygu y galledd symud i sefyllfa o gronfa cydlyniant a fydd yn seiliedig ar CMC yr aelod-wladwriaeth yn

We find ourselves in a very interesting position regarding the renationalisation of the cohesion policy. The United Kingdom, as a member state, has been arguing that case, whereas we in Wales feel that the regional aspect is exceptionally important. Do you believe that that argument for renationalising the cohesion policy has now been lost? Following the comments made by the Chair, do you see any danger, in the context of the current financial crisis, of that debate being resurrected in the context of structural funding? This could mean that we could move to a position of a cohesion fund based on the member state GDP rather than the regions within that member state?

hytrach na rhanbarthau o fewn yr aelod-wladwriaeth honno.

[26] **Professor Hübner:** The fear of renationalisation or this debate on renationalisation is revived from time to time. However, last week I was in Saragossa at a ministerial meeting, which was organised by the Spanish Presidency, and I can say that the issue of renationalisation is not coming back. It was completely absent during those discussions. Two Governments mentioned their doubts about Objective 2, but it was done in a delicate way. It was something that you could read between the lines.

2.30 p.m.

[27] I was rather optimistic during the discussion, which confirmed the understanding that, in a time of crisis, we have to mobilise all potential within the European Union. Having said that, I must admit that we, as European institutions, have to be alert, as you do as regions, because it would be an incredible mistake, in political terms, to go back at such a bad time, when Europe has to be united as never before. If we consider the issue of renationalisation to decrease unity in Europe, it is worth looking at the map to see how small we are in the context of the world. We still make up 7 per cent of the global population, but the percentage will fall in the years to come. So, if we think that we can weaken Europe or do some things better individually, it is simply not correct in political terms, and economically stupid, to be quite clear. We should not even mention renationalisation any more, but we can provide you with additional arguments for this discussion if necessary.

[28] The financial crisis is a difficult time because budgetary discussions are always painful and citizens cannot understand why we are fighting about the 1 per cent, which is like a statistical error. However, we will have painful discussions in the years to come in the context of the budget deficit. We have to measure what is better. Is it better to also renationalise agricultural policy and health, when the budget at the European level is probably 10 times higher and there is competition between subsidies, or to have it within the control of the European budget? There are many arguments and discussions to be had but I trust that, at a difficult time, there is wisdom within Europe and political will that is taking us forward.

[29] **Rhodri Morgan:** I would now like to ask Jeff Cuthbert to take up the questioning.

[30] **Jeff Cuthbert:** During your opening remarks, you talked about the need for a sense of urgency in Europe, and I understand that, particularly in relation to the current economic situation, which we may or may not be coming out of. However, we also need to keep at least one eye on the medium to long-term situation. Here, I feel that the policies that we have developed in relation to the use of the structural funds—and this is certainly the case in Wales—are the right ones. We have already focused heavily on the Lisbon Agenda, with the great bulk of convergence and competitiveness monies going towards people, to raise skill levels and to develop appropriate training courses, as opposed to buildings and roads, for which there is some money, but we mainly focus on people. I would like confirmation that you think that that is still the right way for us to proceed, even in the current economic situation.

[31] As regards the future of cohesion policy in Wales, I suppose that one of the issues is to ensure that we are part of the future because it is unclear at present whether, at the end of the 2009 accounting period, we might requalify for convergence funding. We are not quite sure but assuming that we do not, and that we are over the 75 per cent threshold, but not by much, we would be looking for the transitional funding tapering off over a number of years to ensure that a proper exit strategy can be developed for a number of good projects. It may be in a different form but at least the projects can continue to their logical end or become sustainable in their own right. As for the committee that you chair, do you share those views,



do you think that we are heading in the right direction or do you have comments to make?

[32] **Professor Hübner:** First of all, when I spoke of the sense of urgency, I did not mean that we need short-term actions. We need immediate action that is related to long-term growth and structural change. I fully agree with you that, for us today, it is extremely important to focus on the long term and to link it with current short-term public interventions. On people skills versus roads, Europe has never had the choice—because of the big enlargement of 2004—to forget about roads. Today, we also see that there are huge gaps—maybe you feel it less in the UK than we do on the continent—in European transportation infrastructure that hamper and undermine European integration. We will need a lot of investment for years on this side. However, nothing is more important than people, education and skills. I have no doubt about that.

[33] There is a broader challenge related to demography. In Europe today, we have demographic statistics showing that we are already declining in terms of population size. At the same time, we have growing unemployment, and we have people in the business community who say—even with an average unemployment rate of 10 per cent in Europe—that they cannot find people with the appropriate skills. New sectors will emerge and new jobs will be created in completely new sectors, so we need a lot of investment in skills. That is why the European social fund is also so important within the cohesion policy. I fully agree with you on this.

[34] I will give you a personal assessment of the transitional arrangements. For various reasons, we had transitional arrangements for those who were moving between objectives for 2007-13 that were not satisfactory for anybody. There is a need to invest intellectually, and I know that the commission is trying to make the transitional arrangements better, both economically and bureaucratically. We have to organise this differently. We also have to take into account the fact that there are many regions in Europe that will be in this position. It will not be a small, marginalised group of regions. Statistics for 2006 already show that there will be a huge group of regions. This is one of the most important challenges for those who are preparing the new policy architecture: how to treat the transitional arrangements wisely and in a way that would allow for the continuation of the restructuring undertaken under convergence. If you were to ask Commissioner Hahn, you would find that this is high on the commission's agenda. The European Parliament will be supporting wise drafts for this type of solution.

[35] **Jeff Cuthbert:** With the Chair's permission, I will come back on one point regarding the communication that we have received. You talked about employment, and I am a great believer that your chances of employment occur much earlier in life, when you are still in education. There is a section of a flagship initiative called Youth on the Move that is relevant to this. There is also reference to the fact that 14 per cent of children leave school without qualifications—the worst possible start to adult life. These flagship initiatives seem to focus mainly on higher education and achievements at the university level. Do you agree that there should be a role for Europe in earlier years, to make sure that learning is valued properly and that we remove the scandal of young people not being ready for the world of employment? Do you think that such a role exists in terms of cohesion policy?

[36] **Professor Hübner:** On education, Europe has a rather limited scope to act in a fully fledged way. This is still a national competence. However, there have always been huge efforts within the commission—within the employment and education directorates general—to contribute as much as we can at the European level, to move forward and to change the approach to education. I fully agree that we probably went too far with regard to the proportions, if that is your opinion. University education is extremely important, but many weaknesses at the university level have their roots in much earlier stages of education. We decided in the 1980s, I think, that we had entered the post-industrial era. I do not know about

the UK, but here on the continent, we closed a lot of mid-level technical schools. Now, we have not only a total lack of engineers in the European Union, but also a lack of technicians, who are extremely important for the new civilization that is being developed.

2.40 p.m.

[37] So, you cannot just pick up one element of the education results; you must see them in their entirety. I would, therefore, be in favour of Europe as a representative of collective wisdom and for there to be further discussion as there is more to say about the programmes and the challenges faced by primary and secondary education in Europe. However, I am not pessimistic. I recently had a meeting with some Ministers for education from two or three member states, who understood fully this challenge and are moving ahead.

[38] **Michael German:** I would like to take you back to what you said at the beginning about the EU 2020 paper and its lack of delivery methods. We have seen the paper in a version published a week or so ago; there have apparently been four more drafts of it since then and it will be completed by Wednesday. The draft that we saw had no mention of cohesion, which is certainly important for us. You said that the paper still has no delivery methods within it and then you gave us a short version of what you think ought to be a delivery method for this paper. Since it is going to drive forward everything that follows, such as strategies, delivery methods and everything else, I think that we agree with you that delivery methods are important and should be described within it.

[39] If you take what is there at the moment, you can see a thematic approach. There are themes that need to follow the flagship policies. You might say that the delivery method, therefore, ought to be thematic—in other words, you deliver this across the whole of the European Union and ensure that you achieve those objectives. How does regional policy fit into a thematic policy? Is there an inherent distinction between the two? Are they mutually exclusive, or can you see a way to combine them to make them both work?

[40] **Professor Hübner:** What you call ‘thematic’ policies, one can also call ‘sectorial’ policies. I am strongly against a sectorial approach, because the complexity of development issues today does not allow Europe to go back to what we had in the past, which was very much a sectorial approach. I remember years of fighting in the European Union to replace some sectorial council with a competitiveness council and how difficult it was to do that. I was a Minister in a Government that continues to fight against the sectorial approach to development. We cannot afford this.

[41] So, we need a formula to approach the European challenges in a more integrated way. If you think of delivery methods, you have two options, or you have the approach that we know from cohesion policy, namely the integrated approach, a place-based approach, that allows you to combine all of the elements that you need to have a real solution. For example, if you really want cities to deliver a reduction in emissions to help mitigate the effects of climate change, then you need research and you need sustainable transport, you need to think about housing, insulation, heating, energy—all of those things come together.

[42] So, for a European strategy such as that, we need more governance or a delivery method that is closer to what has been elaborated upon by cohesion policy over the years, which is an integrated approach to development. This approach would also leave the member states or regions some flexibility; Wales and the south of Poland will need a different set of investment interventions, because we are in different situations. With the cohesion policy approach to delivery, you leave some flexibility to those who are responsible for the policy.

[43] Alternatively, you can have a sectorial approach that is run from Brussels, which would involve 100 per cent earmarking for a given objective. You would then, somehow,

have to build the delivery method at a national or regional level, if you take the regional level into account. So, there is an option in relation to the delivery between the sectorial delivery, which you call 'thematic', and the cohesion-policy-type delivery mechanism, which allows for the integrated approach and flexibility in the combination of interventions. I am very much in favour of themes when it comes to the objectives. These are good themes; one can criticise the focus and the lack of detail, but, in general, I think that the areas are very well identified. However, one should try to avoid the sectorial approach with regard to delivery.

[44] **Michael German:** So, to be clear on this, the themes that are within the 2020 document are largely, in your view, the right themes for the future, but that we should express great caution so that they do not become the delivery mechanism as well as being the themes that we should drive forward. Is that precisely what you are saying?

[45] **Professor Hübner:** You are right. For instance, the sustainable development themes are in the context of energy and climate change, and the themes for the knowledge-based economy society are innovation and support for entrepreneurship. There is also the importance of human capital investing in people's skills and in social inclusion, because we must also give people the feeling of belonging, and not just of a community taking care of them. So, those areas are absolutely what we need.

[46] However, these are not new to us, because what we agreed for the cohesion policy for 2007-13 is exactly the same: knowledge and innovation, the environment and sustainable development, climate and energy, and human capital, which is a policy that we implement first with the social fund. So, it is not really that new. The challenge is to finally make it work, because what is also lacking in this paper is largely the full explanation as to why Lisbon failed. I do not think that we failed totally with Lisbon, because what we started with Lisbon II in 2005 was an effort that is bringing long-term results. I do not think that, today, after five years, we can say that we failed.

[47] **Rhodri Morgan:** I will finish with one last question. If you and your colleague who chairs the committee with responsibility for social policy and employment policy in the Parliament wanted to challenge this latest trend in European Commission thinking, that regional policy and social policy and the regional fund and the social fund should start to go their own ways and not act as twins on labour supply and demand in lagging regions, like Wales, how would you go about doing that? Are you restricted to merely scrutinising the activities of Commissioner Hahn and his team and is your opposite number on the social policy side restricted to scrutinising Commissioner Andor and his team?

[48] **Professor Hübner:** This process is not easy, because, on the one hand, we have the decisive role of the European Commission in making the proposal. If you look into the history of European integration, you will see that, at the end of the day, what we usually adopt after years of discussions is something that is very close to the commission. So a lot will depend on what the commission proposes. The role of the Parliament now is much stronger, as we move the cohesion policy entirely to what we used to call 'co-decision', but which we now call the ordinary method of deciding, which means that the Parliament is on an equal footing with the council with regard to the regulations for the cohesion policy.

[49] We see that this increased legislative power also gives us a much stronger voice in the political pre-legislative debate, which is what we are doing. I do not want to say that the Parliament is always unanimous on everything; there are huge differences in the Parliament. We also have sectorial fights in the Parliament and interests are protected by individual committees. So, if there are people who believe that we should not separate the individual funds and that what we need is to the contrary, we should talk about it loudly and have the arguments. My worry is that, once we move the social fund to the national level, which will mean that it will be given to the member states in order for them to cope with unemployment

through their national policies, that will be the end of the social fund as well. So, I would be in favour of a different approach.

2.50 p.m.

[50] So, I would be in favour of a different approach to the social fund. However, I am not saying that DG Regio should just take over something. It is quite the contrary; what we need is better co-operation. We need a social fund with very clear tasks on delivery, but we badly need the social fund to be active through the commission's priority programmes being very active in the cohesion policy, and not just being left to the member states to be used.

[51] **Rhodri Morgan:** Therefore, there is no actual procedure for synchronised scrutiny of the two commissioners, for example, if you wanted to try to do that jointly?

[52] **Professor Hübner:** We can always do it. If we feel that we need to discuss it, we can always organise that. Commissioners are extremely open to doing that. We have good co-operation with the commission now, at least in some areas that are clearly seen, so we can discuss it.

[53] **Rhodri Morgan:** I think that we all agree that synchronised scrutiny is better than synchronised swimming.

[54] Thank you for participating in this unique first meeting of this committee in Brussels. As they say, if Mohammed will not come to the mountain, the mountain must come to Mohammed.

[55] **Professor Hübner:** Are we the mountain or the Mohammed?

[56] **Rhodri Morgan:** I am not sure whether we are the mountain and you are the Mohammed, or vice versa. However, it is very well met here today on St David's Day in Brussels. Thank you very much for your contribution in the past, as well as in the present and in the future.

[57] **Professor Hübner:** I wish the whole of Wales all the best. It was a great pleasure to meet with you, Rhodri, and colleagues, as usual. Thank you very much.

[58] **Rhodri Morgan:** We now have a short break until 3 p.m., which is in seven minutes' time, when we will start with the Members of the European Parliament.

*Gohiriwyd y cyfarfod rhwng 2.53 p.m. a 3.02 p.m.  
The meeting adjourned between 2.53 p.m. and 3.02 p.m.*

**Aelodau Cymreig Senedd Ewrop: Y Wybodaeth Ddiweddaraf am y  
Gweithgareddau a'r Dystiolaeth a Gasglwyd ar Gyfer yr Ymchwiliadau Craffu  
Welsh Members of the European Parliament: Update on Activities and Evidence  
Gathering for Scrutiny Inquiries**

[59] **Rhodri Morgan:** A very warm welcome to this historic occasion to our four, but temporarily only three MEPs because the remaining MEP is dependent on Eurostar services, which are a bit shaky at the moment.

[60] I will re-emphasise for the MEPs who were not present at the start—Derek may have been, but Jill and Kay were not—that all formal proceedings of the National Assembly for Wales, including these, operate bilingually so that guests may speak in either Welsh or

English, as they prefer. Headsets are available for translation.

[61] I know that Kay has another meeting at 4 p.m., so she will have to leave promptly towards the end of this meeting. I believe that the four of you have had discussions about exactly in which order you wish to proceed—

[62] **Mr Vaughan:** We do talk to each other, but we are not that organised.

[63] **Rhodri Morgan:** I was going to say, until I was totally contradicted by a vigorous, but unanimous shaking of heads, that we were trying to guess in what way you would make your opening statements, given that one of you has written a paper, which we have read and for which we are extremely grateful. You may want to talk about that to begin with, and then Jill and Derek may want to come in. However, we need time to have the opportunity to put questions not only to Kay about her paper, but to the rest of you.

[64] Before I proceed, I remind you that when you speak, I need to switch my microphone off and you need to switch yours on by pressing the bottom button. It will show a red light, which means that your voice is being recorded and that the camera is also on you. That means that everything that you say is firmly and officially planted in the official Record of Proceedings of the Assembly's committees. When someone puts a question to you in Welsh, if you do not speak the language, switch the top button on the headsets to channel 2 and the translation into English will come through to you.

[65] We will start with you, Kay. I will take a chance and assume that you can say a few words about your paper and we will then ask Jill and Derek, and John if he has arrived, if they want to make any opening remarks. We can then open it up to questions. Shall we start with you, Kay?

[66] **Dr Swinburne:** Diolch yn fawr; thank you very much. Having written a paper, it was a good exercise for me to put into place why some of the EU 2020 objectives need to be interpreted slightly differently for Wales as opposed to even the rest of UK, but certainly to the rest of the EU.

[67] For me, this has been an opportunity to try to think about what we need in Wales and how we might implement the strategy, so that we can both deliver on existing cohesion spending and then look at what comes afterwards. It has been a good opportunity and a good exercise, so I thank you for forcing the issue, as it were. It is a good time for us to sit down and put pen to paper.

[68] In this field, my background is probably fairly unusual; I started off life in research and have a PhD in medical biochemistry, so medical research is my first love. I then moved into finance, so I am very interested in the financing of research in particular, and then I moved into business, looking at how we generate wealth and take that wealth into our communities to ensure that everybody benefits from those opportunities. So, this is an opportunity for me to bring all the areas I have worked in and all my training together in order to look at the strategy that we might implement. For me, this is not just an exercise; it really does mean something. It is a way that we can ensure that Wales prospers and that we take the best advantage of all the options open to us.

[69] We have some very good research going on in Wales, and we have some areas of expertise that I feel very strongly we should be building upon. We cannot be all things to everyone. We have some spectacular industries and research programmes, and we now need to start looking at how to marry the two. It is not just about research, but about development and commercialisation. So, for us to turn the opportunity of the EU 2020 strategy into something real and sustainable, we must take those research projects that the cohesion

funding has funded and that the framework has allowed us to utilise and turn them into commercial opportunities. In Wales, we are fairly well placed if we take a concrete look at where we are now and where we would like to be and get all of those organisations working together and with you within the Assembly. It is critical that we get all of our resources working.

[70] People tell me that state aid prevents our getting companies to take some of the cohesion funding, but I am being told here that it is not true and that we need to be more flexible. Given the economic crisis, one of the things we are looking at is how flexible we can be with regard to allowing some of that funding to really be put to use for commercialisation—we must be wealth creators. I will leave it at that. It is still fairly woolly because it is a strategy after all. However, there are some concrete thought processes behind it, and we can go into some of the detail later.

[71] **Rhodri Morgan:** When my elder daughter finished her PhD in microbiology, I asked her why she did not want to continue in research, and she said, ‘Because I never want to look down a microscope again.’ I do not know whether that is what happened to you, but I appreciate the fact that spin-outs from research projects into the commercial world are an essential part of a healthy regional policy. However, to what extent can you depend on spin-outs—commercialising research—as distinct from what, say, Slovakia did in getting three multinational companies to build car assembly plants or what the Irish did in the incredible way in which it collared the high-tech weightless economy of multinational investment during the Clinton boom in the mid 1990s?

[72] **Dr Swinburne:** The classic one for me is that we have some fantastic industries. I know from talking at the St David’s Day event here last week that there is some fantastic co-operation going on at the moment with some of our big, older technologies, such as the steel industry. It is critical that we build upon our key strengths. Innovation does not have to be in blue-sky research; we can have innovation in existing businesses. There is a critical difference. Some of the funding now needs to be channelled into moving our old industries and technologies on. It is a far easier thing to gain a competitive advantage in that way than by starting from scratch with blue-sky research where you are competing against the US and Asia, which are better funded. So, we need to develop the technologies in those areas where we already have expertise. More than I could, I am sure that you could sit down and write a list of where those technologies are currently.

[73] **Rhodri Morgan:** Thanks, Kay. I would like to bring in Jeff Cuthbert for one question, after which I will ask Derek and Jill for opening remarks.

[74] **Jeff Cuthbert:** I suppose that looking down the microscope is better than being under the microscope.

[75] **Rhodri Morgan:** There is plenty more where that came from. [*Laughter.*]

[76] **Michael German:** Hopefully not. [*Laughter.*]

[77] **Rhodri Morgan:** Yes, we hope not.

3.10 p.m.

[78] **Jeff Cuthbert:** That depends whether you call me to speak again, Chair. Thank you, Kay, for this opportunity. I found your paper very interesting, particularly sections 3 and 4. You talk about public-private partnerships, and I am very keen to use European structural funds and, indeed, the future cohesion policy, which we will return to, to ensure that there is full engagement with the private sector. As you know, the green jobs strategy is a key issue

for us in Wales, and I wonder whether you feel that there is enough engagement from the private sector now in developing training and vocational qualifications to make green jobs manpower a reality. Finally, under section 4 you refer, quite rightly, to focusing on the young population, as young people find it difficult to get experience. Do you have any particular comments on the flagship initiative in the communication, entitled Youth on the Move, which seems to focus on higher education as opposed to the lead-up to higher education? Far too many of our young people still leave school with no qualifications at all, and literacy and numeracy problems, and I think that they are the ones we should focus on.

[79] **Dr Swinburne:** There is an awful lot already under way, and a lot of businesses in Wales have already taken a good look at themselves to see how they might be developing and what they might be doing. Certainly, companies such as Kingspan up in the north east are looking carefully at how they can engage with and train people to ensure that they have the resources that they need for their future development and their expansion plans. A lot of companies are taking it upon themselves to train up their workforces and re-skill, where necessary, to take advantage of the new technologies. That is happening, but are we doing enough? I do not think that anyone is ever doing enough. There is always more that we can do.

[80] With Youth on the Move, it is important not to focus just on those youth who, as it suggests, could legitimately move anywhere within the European Union and elsewhere. Once you have your degree, it is almost a passport to go and practise your profession elsewhere in the European Union. Any scientist would not look just at the European Union, but globally. Someone who has a PhD in a particular life science is more likely to go to find work in the United States than elsewhere. We have to be cognisant of the fact that this is a global marketplace and, when we are looking at the higher education side of things, we have to put frameworks in place so that people want to stay here rather than migrate, as they easily can.

[81] The other group may not want to pursue higher education. I am very fortunate that I was the first of my family to go to university, but I certainly liked it when I got there, and ended up with three degrees. Not many people would want to pursue that, but it opened a lot of doors for me in the time that I have been trying to find that niche and career where I think I can add most value. I think that other people will find it engaging to find companies that want to offer them real apprenticeships and real training. If they do not want to go through a formal education, let us get our higher education establishments to work with industry a little more creatively, almost to tailor some of those projects, so that we can develop these people as the skilled workforce of the future. There is a lot of opportunity there, and some of the schemes that we already have in place are far ahead of where some of the rest of the UK is, so we should not be too hard on ourselves. However, as always in all these areas, we can do more. That is what a strategy should be: aspirational. We should be aiming a lot higher than just delivering the work that we are already involved in.

[82] **Rhodri Morgan:** Thank you, Kay. I will now throw it open to Derek Vaughan and Jill to make opening statements on their key priorities for cohesion.

[83] **Mr Vaughan:** First, thank you for the invitation here today. You probably know by now that the four Welsh MEPs work very closely together on issues that we all agree on. That is new and we certainly welcome it. For myself, I sit on the budget committee, which I particularly wanted to do. I always think that the budget committee is the most important one in any organisation, because it has the money and it decides what everyone else gets to spend. So, I was quite pleased to have the opportunity to work on that committee.

[84] The budget committee looks at a number of things. First, it looks at the annual budget, and I am pleased that I will be shadow rapporteur for the Parliament's 2011 budget, so I am looking forward to that as a task in the future. It also looks at the new financial

perspective, and discussions will start on that towards the end of this year or early next year. The key to that will be the 2020 strategy, which we have already spoken about today. My understanding is that a possible mid-term review of the European Union's budget will come out of the 2020 strategy, and that will probably be just tweaking around the edges but, more importantly, it will form the basis of the next financial perspective for 2013 through to 2020. There will be a number of key discussions to be had around that strategy at that time. One will be the UK rebate, as usual; another will be the future of the common agricultural policy. There will be some big discussions there about the overall amount going into CAP, but also some discussions about the divide between pillar 1 and pillar 2, which is the divide between direct subsidies of payments going to farmers and the amount going for development to the rural development plans, for example. So, those are the two big issues, but the big one for us, and the reason that we are here today, is the future of the cohesion policy and structural funds. There was obviously some concern before Christmas last year when we got sight of the leaked paper from the budget directorate within the EU about what it was proposing with regard to the renationalisation of structural funds in the future, but there were other things in there as well. For example, it was suggested to end competitiveness altogether and perhaps put that funding into transnational projects rather than into helping the regions. There is much to be concerned about in that.

[85] Again—and I think that Rhodri indicated this earlier—there is no mention of structural funds in the first draft of the 2020 strategy. So, together with others and through political groups, I have already tabled some amendments to the 2020 strategy, to say that it should be talking about regional policy as well as the future of structural funds. As a group of four Welsh MEPs, we are doing what we can at the moment. We have formed our own lobbying group and a number of us have questioned Barroso and the individual commissioners, including the budget commissioner and the commissioner for regional development, about their views on structural funds. The two commissioners now in place dismissed out of hand the idea of renationalising structural funds, and they are very much in favour of a regional policy covering all of Europe. So, that is positive for us. It does not mean the end of the story; there is still a lot of work to be done before we achieve what we want for Wales.

[86] **Rhodri Morgan:** I have a quick supplementary question before I bring Jill in. Up until the publication of the new Eurostat figures for 2007 10 days ago, we thought that our main job was to try to secure transition funding for west Wales and the Valleys—two thirds of Wales—after 1 January 2014. When the Eurostat figures were published, they showed a massive drop of 3.6 per cent in one year from 2006-07 in the relative GDP per head in the UK. West Wales and the Valleys have not done quite as badly as that, but it is almost as bad, with a drop of 3.5 per cent. It is a game-changer for what we are aiming at, in that, instead of being just a bit above 75 per cent, at around 76 per cent, we are now well below 75 per cent at 73.5 per cent. We do not know what will happen when the figures for 2008-09 come out, in a year or two years' time, but it looks as though this is a game-changer. There is an air of mystery about the statistical change, and I know that Assembly Government statisticians are discussing with Eurostat how this 3.6 per cent drop in the UK figure and a 3.5 per cent drop in the west Wales and the Valleys figure could occur in one year when it was nothing to do with the drop in the value of sterling, which came in 2008-09. However, it has happened and, assuming that it does not get reversed by some massive statistical rebate, we are now in a game-changing situation, and we are trying to defend the right of areas that have a GDP below 75 per cent of the EU average to continue to get convergence funding. What are your views, either individually or collectively, about the ability to continue to get convergence, or do you sense an undercurrent that convergence and regional policy will all really be seen as secondary issues from now on?

[87] **Mr Vaughan:** First, the GDP figures are important. My understanding, following discussions with various colleagues in the commission, is that they will still want to use the



GDP figures as the criterion. So, that is quite important for us. As Welsh MEPs, we have always followed a twin-track approach. First, we say that structural funds should continue to be made available to regions that qualify post 2013, but also that transitional status should be made available to regions that are falling out of convergence status. We have always followed that approach, and I, personally, want to continue to follow that—and perhaps the others will want to comment as well—because we are not sure what the 2008-09 figures will be.

3.20 p.m.

[88] On the leaked paper and the EU 2020 strategy in general, my view of it all is that the EU and Barroso in particular are looking at new policies and priorities. One of them, for example, will be action on climate change. If you are to have new policies in place, you have to find some money for them. The two big areas of spend in the EU, as you know, are agriculture and structural funds, so they will look to those two places to free up money to spend on other things.

[89] **Rhodri Morgan:** Okay, thank you for that. I bring Jill Evans in now for an opening statement.

[90] **Ms Evans:** Diolch am y gwahoddiad i'r cyfarfod hwn. Mae'n bwysig nid yn unig ein bod yn gweithio fel grŵp o bedwar Aelod o Senedd Ewrop—a dyma'r tro cyntaf i hyn ddigwydd ers imi gael fy ethol 10 mlynedd yn ôl—ond hefyd fod cysylltiad cryf rhyngom ni yn y Senedd a chi yn y Cynulliad. Yr wyf yn falch iawn bod y cyfarfod hwn yn digwydd ym Mrwsel, ac ar Ddydd Gŵyl Dewi hefyd, sy'n beth da. Yr wyf yn aelod o'r pwyllgor amgylchedd ac yn ddirprwy aelod o'r pwyllgor amaethyddiaeth, ac felly dyna'r ddau faes yr wyf yn gwneud y rhan fwyaf o'm gwaith ynddynt. Fodd bynnag, gan ein bod ni yma yn trafod cynllun 2020 a'r cronfeydd strwythurol yn arbennig, gwnaf sylwadau am y rheini hefyd.

**Ms Evans:** Thank you for the invitation to this meeting. It is important not only that we work as a group of four Members of the European Parliament—and this is the first time that that has happened since I was elected 10 years ago—but also that there is a strong link between us in the Parliament and you in the Assembly. I am very pleased that this meeting is taking place in Brussels and on St David's Day, too, which is a good thing. I am a member of the environment committee and a deputy member of the agriculture committee, so those are the two areas in which I carry out most of my work. However, as we are here discussing the 2020 strategy and the structural funds in particular, I will also comment on those.

[91] On the EU 2020 strategy, I have grave concerns that the commission has published a new strategy without really looking at what went wrong with the Lisbon strategy. That had a set of targets and very good aims, in some parts, but we have not really assessed what the problems were. It is too early to adopt a new strategy before we know what exactly went wrong and why the aims of the previous strategy were not achieved.

[92] I also have concerns about the document itself, as not much attention is given to social and environmental considerations. That was also the case with the Lisbon strategy. As was said earlier, I also have concerns that, for a country such as Wales, which is looking at developing renewable energy, for instance, and which has a strategy for developing green jobs, we have a document in which renewable energy, for example, is barely mentioned. That is a priority for us but, in the 2020 strategy, it is passed over quickly. I do not believe that it looks at addressing climate change and at doing so in the strategy that the commission is setting out, so that we do not have this possible conflict that Derek mentioned between creating jobs in one area and spending money on structural funds, climate change or agriculture; the three should go hand in hand. I have raised some of these issues with the commission through my group, and we have a seminar in Parliament on Thursday this week, which is looking exactly at that. It is on the 2020 strategy, green jobs and fighting climate

change. Professor Phil Cooke is one of the speakers at that seminar, and I am sure that some of you will know Phil. I hope that I can send a report back from there to all members of this committee and to my colleagues in the Parliament.

[93] On the structural funds, we have had concerns and we have been having several discussions on them. The GDP figures have changed the situation but, like Derek, I think that we have to look at both scenarios. Our main concern is getting the best deal for Wales. We want a future structure from which Wales will get the maximum amount of funding possible because we qualify for that funding. I was looking at the GDP figures this morning and we have the lowest in the whole of the UK. So, we certainly have to fight to get the best deal possible, and in terms of whether that is new convergence funding or transitional funding, we must ensure that both options are available.

[94] In terms of the campaign for the future of structural funds, I am very pleased that this campaign has started so early and so effectively. This is the third campaign that I have been involved in to win structural funds for Wales. There was also a proposal last time around to repatriate the funds, which I am glad to say was not successful, and, of course, this time, we have the Assembly Government leading the campaign against the renationalisation of the funds and to secure the best deal for Wales. I think that that is a very positive step. Local authorities and organisations throughout the country are already very familiar with the arguments and with the importance of winning this battle. Having already put the message across loud and clear in the European Parliament and to the European Commission, I think that we have a very good chance of making our voice heard on this. We can also take the lead on this issue with our colleagues in the rest of Europe. We have made a very good start on this campaign. The fact that we are working together on a cross-party campaign is crucial. The commission and all those in the European Parliament involved in this are certainly well aware of the importance of Wales retaining this funding and getting a better deal in future.

[95] **Rhodri Morgan:** I now welcome the fourth Member of the European Parliament, who has just arrived—yet another satisfied Eurostar customer—to our proceedings here on St David's Day. I now ask Mike German and Rhodri Glyn Thomas to put a question each to Jill.

[96] **Michael German:** It will be a question in two parts on the same issue. You have mentioned the EU 2020 paper. We understand that there have been several versions of the same paper and the one that we have in front of us does have a section on combating climate change, but given that it has changed so significantly in the last week, I suspect that it is quite difficult for you to catch up. However, since this is going to be agreed by the commission on Wednesday, if you were sitting around the table, what message would you send to President Barroso when deciding on the final version of this paper? You may or may not have heard the criticism of it from Danuta Hübner that it did not contain a delivery mechanism. What sort of delivery mechanism should be contained in this paper in the best interests of Wales?

[97] **Ms Evans:** The question of the timing is probably the one that would concern me most. In fact, President Barroso has said that he understands the concerns regarding the timing, but they are determined to have this adopted as soon as possible. He says that we cannot spend a year discussing a policy that is so badly needed—we need it straight away to help to reform the economy. Obviously, there are issues that need to be addressed urgently. Nevertheless, this is such an important document that its effectiveness should be of prime importance rather than the timing. This is going to be discussed in the European Parliament; we have not yet had a proper debate on it. So, I think that that is of great concern. Most of all, in terms of the economic policies, it is not really about looking at a new approach; it is about looking at the same kinds of policies that we have adopted in the past, which have created climate change and an economic crisis. A lot of the reference to fighting climate change is quite weak. President Barroso says that the EU has lost the lead on fighting climate change and that the US and China have now taken Europe's place on that issue. If we are to regain

our position as leaders, we should be addressing that in this paper too, which I do not believe is being done.

3.30 p.m.

[98] **Rhodri Morgan:** Rhodri Glyn wanted to come in.

[99] **Michael German:** Sorry, my question was addressed to the panel.

[100] **Rhodri Morgan:** Okay. We shall turn to Derek.

[101] **Mr Vaughan:** On that, a disappointing thing about the strategy was that, when you read it, it seemed to be a continuation of the Lisbon strategy. There is not much in it that is new. We know that the Lisbon strategy was about jobs and growth, and, as a result, structural funds have been targeted at that. I know that the commission has been saying from the start of the current programme that it expects at least 70 per cent of structural funds in Wales to be spent on that and only 30 per cent to be spent on other things. There are other things in respect of infrastructure on which we could be spending money in Wales. I come from a local government background, and people have always talked to me about the east-west link, the A40, for example, and town centres. How many town centres in Wales still need to be regenerated? There is money that we could spend on infrastructure. So, the balance needs to be looked at. As to whether anything is missing from the strategy, I have mentioned structural funds, but employment and social policy do not seem to be mentioned much in it.

[102] You mentioned the delivery mechanisms, Mike. Most of the delivery mechanisms are there already. We have spoken about structural funds, but there are other important elements of funding that come to Wales, such as the rural development plan funding. Most rural communities have benefited from that in relation to boosting tourism, improving transport links, business support and so on. In addition, the seventh framework programme is providing funding for research at our universities. So, all these different mechanisms are there already; we just need to use them better and be more creative than we have been in the past.

[103] **Rhodri Morgan:** Do you want to come in on that, Kay, before I bring in Rhodri Glyn?

[104] **Dr Swinburne:** In relation to that, the reason why I have to leave on time is that we have a crisis committee—that is the abbreviation for the Financial, Economic and Social Crisis Committee. It is the special committee that has been set up to look at the causes of the economic crisis and to make recommendations as to what we can do to put the EU as a whole on a stronger footing to come out of the economic crisis ahead of the game. That all plays into the EU 2020 strategy going forward. This afternoon's hearing will look specifically at how we would use structural funds and the cohesion policy generally in respect of the economies of the emerging countries, that is, the accession countries. It is aimed specifically at them. One of the main reasons why I want to be involved in that discussion is that the funds should not be aimed at a small number of countries; they should be aimed at all countries, and it is about how we use those funds sensibly going forward.

[105] Many believe that we, as the Welsh region, should not have them. They believe that, as part of the United Kingdom, we should be looked after by the United Kingdom. So, there is a big argument going on about that at the moment. There is an awful lot of people sitting on that crisis committee who genuinely believe that we should not be in a position to access those funds at the same level as those people in Latvia, Hungary or the Czech Republic, and so we will have to have strong arguments. The hearing is set up to gear the European Investment Bank and the cohesion policy of the future, and to make recommendations for them. For me, it needs to be broader, and the message that I will be delivering this afternoon

is that it should be done on the basis of need throughout the whole of the EU, and not throughout a select number of countries. It will be an interesting afternoon.

[106] **Mr Bufton:** First of all, I apologise for being late. I tried to make arrangements for last night, but was unable to do so, so please accept my apologies. Obviously, I have missed part of the proceedings, so forgive me if I am going over old ground. First, with regard to the four Welsh MEPs, what has not come across is that we do work well together. As we all know, we are from different persuasions and, in the interests of Wales, we are fighting a battle. Therefore, I am grateful for the support of my colleagues.

[107] I am concerned and worried—I have raised this in the chamber with Mr Barroso and in committees—about the situation regarding cohesion funds post 2013, and my colleagues are in the same boat. I do not know whether you have seen the document that was leaked before Christmas, but we were concerned about that and what it meant. While Mr Barroso denied ever having read it, it came from somewhere in the commission, and my feeling is that it will come back, perhaps in a weaker format. We have to watch things closely. What Kay has just mentioned is absolutely right. The situation is that Wales is not getting richer; it is just that the countries that are joining now are poorer, and the funding that will be available will end up being directed to the new member states.

[108] So, I am concerned for Wales, because we could end up losing an awful lot of money, and it is money that we desperately need. As I keep telling people, it is our money, because the EU has no money. I will be fighting alongside my colleagues to ensure that our money comes back to Wales in the regions where we need it. Our unemployment level is quite high and Derek mentioned other areas where we could spend money. I know that the Assembly's funding is tight, and we know what the issues are at home and how bad things are. However, I will be looking closely at this and working with members of that committee to fight for Wales.

[109] I will take other questions as we go along, but I will leave it at that for now.

[110] **Rhodri Glyn Thomas:** Croesawaf yn fawr iawn yr hyn y mae'r pedwar ohonoch wedi ei ddweud ynglŷn â'r ffordd yr ydych bellach yn cydweithio fel tîm o Aelodau o Senedd Ewrop. Yr wyf yn ymwybodol nad yw hynny wedi digwydd dros y 10 mlynedd diwethaf; hynny yw, yn y cyfnod yr wyf wedi bod yn ymweld â Senedd Ewrop. Mae hynny'n cael ei werthfawrogi yn fawr iawn yng Nghymru am ein bod ni'n wynebu cyfnod argyfyngus o ran yr arian Ewropeaidd sy'n dod i Gymru.

**Rhodri Glyn Thomas:** I greatly welcome what the four of you have said about the way in which you now work together as a team of Members of the European Parliament. I am aware that that has not happened over the last 10 years; that is, during the period when I have been visiting the European Parliament. That is greatly appreciated in Wales because we face a time of emergency in relation to European funding for Wales.

[111] Yr ydych wedi cyfeirio eisoes at y sefyllfa o ran y polisi cydlyniant ac adolygu'r polisi amaethyddol cyffredin—dau faes lle gall Cymru fod o dan bwysau o ran yr ariannu ar hyn o bryd. Codais y cwestiwn ynglŷn â'r posibilrwydd gyda'r Athro Hübner yn gynharach—ac yr oedd Derek yma yn gwrandao ar y drafodaeth—a mynegodd ei barn yn gryf mai dim ond o safbwynt rhanbarthol y gellir edrych ar y polisi cydlyniant. Yr oedd yn dda clywed hynny.

You have already referred to the situation regarding cohesion policy and the revision of the common agricultural policy—two areas that could put pressure on the funding that Wales currently receives. I raised the question with Professor Hübner earlier regarding the possibility—and Derek was here listening to the discussion—and she was firmly of the opinion that cohesion policy can only be looked at from a regional point of view. It was good to hear that. However, I

Fodd bynnag, codais y pryder fod posibilrwydd, yn yr argyfwng ariannol presennol, y gall fod galwadau eraill ar yr arian hwnnw. Er enghraifft, yr ydym wedi clywed am y posibilrwydd y gallai ardaloedd dinesig sydd wedi colli nifer enfawr o swyddi yn y byd bancio a diwydiant deimlo bod ganddynt hawl i'r arian hwnnw. Yn yr un modd, mae cyllideb y polisi amaethyddol cyffredin dan fygythiad oherwydd y galwadau hyn.

raised the concern that there is a possibility, in the current financial crisis, that there could be other calls on that money. For example, we have heard about the possibility that urban areas that have lost a significant number of jobs in the banking sector and in industry would feel that they had a right to that money. The budget for the common agricultural policy faces a similar threat because of these calls.

[112] Yr ydym yn falch iawn eich bod yn gweithio fel tîm, ond mae'r ffordd y mae Aelodau o Senedd Ewrop yn gweithredu yn rhywfaint o ddirgelwch, hyd yn oed i'r rheini ohonom sy'n gweithio mewn sefydliadau gwleidyddol eraill. Yr wyf yn siŵr ei fod hefyd yn rhywfaint o ddirgelwch i'r cyhoedd. A allwch chi esbonio yn ymarferol i ni, o ran y maes hwn—polisi cydlyniant—sut y byddwch fel Aelodau unigol ac fel rhan o dîm yn gweithredu yn Senedd Ewrop i ddiogelu'r safbwynt rhanbarthol ac i ddiogelu buddiannau Cymru ac, yn yr un modd, sut y byddwch yn gwneud hyn gyda'r polisi amaethyddol cyffredin?

We are pleased that you are working as a team, but the way in which Members of the European Parliament operate is something of a mystery, even to those like us who work in other political bodies. I am sure that it is also somewhat of a mystery to the public. Can you explain practically to us, with regard to this field—cohesion policy—how you as individual Members and working as part of a team will operate in the European Parliament to safeguard the regional position and to safeguard the interests of Wales and, in the same way, how you will do that in relation to the common agricultural policy?

[113] **Rhodri Morgan:** Who wants to go first?

[114] **Mr Bufton:** On the CAP situation, one of the first things that came up for me as a new Member—obviously, Jill has been here for 10 years—when we sat around the table was electronic identification. I am not a member of the committee, but I am a deputy, or substitute, on the committee and we made representations to the committee regarding the situation. We worked together as a group. We then wrote to the commission as a group of four Welsh MEPs regarding the fact that the equipment is not up to scratch and so on. We then wrote on a personal basis as well. However, we were much stronger as a group fighting that case. Sadly, it has come into force, but we are still fighting the battle and we may have to work with the Assembly to see whether a moratorium on penalties can be introduced so that farmers are not caught out or hammered in the initial period because the equipment is not up to scratch. So, we worked together on that side of things.

[115] As to how I perceive things working over the next few months and years, with the situation regarding the budgets and everything else, we pool our resources and get our information flowing, and work as a team. That is stronger than working individually. On issues like that, we are certainly stronger when we go to committees and we argue our case.

[116] **Mr Vaughan:** That was a big question, particularly as three of us are new to the European Parliament and are still trying to find out how some things work here. The most important thing for each of us is our individual committees. I am a member of the Committee on Budgets and John sits on the Committee on Regional Development, and our other two colleagues also sit on important committees, through which we can work.

[117] Outside the committees, other mechanisms are available. We all work through our individual political groups, for example. We also need to build up alliances with colleagues

across Europe. This is one of the reasons why we try to bring together MEPs from regions and countries that are similar to Wales to talk about structural funds.

3.40 p.m.

[118] We have formed a lobbying group with colleagues from right across Europe to argue the case for structural funds post 2013. So, there are many mechanisms available to us. I think that that is what we are doing in the European Parliament, and it is important to stress the point that we all need to work together on this. We shall do what we can, but the Welsh Assembly Government and the National Assembly for Wales need to work together. Perhaps you could make contact with other, similar regions or countries in Europe to do some lobbying there. Local government also has an important part to play, but I would say that, as former leader of the WLGA, as would some of my colleagues here. There are different levels where we can work together, and the more that we can do that, the more influence that we shall have.

[119] **Ms Evans:** Rhoddaf ateb byr i gwestiwn Rhodri, gan fy mod yn cytuno â'r hyn mae'r lleill wedi ei ddweud. **Ms Evans:** I will give a brief answer to Rhodri's question, because I agree with what the others said.

[120] Mae'r grwpiau gwleidyddol yn hanfodol yn hyn o beth, achos yr ydym i gyd mewn grŵp gwahanol ac mae'n bwysig cael cefnogaeth y grŵp yn y safbwyntiau yr ydym yn eu harddel yn y Senedd o ran ymladd dros fuddiannau Cymru. The political groups are essential in this regard, because we are each in a different group and it is important to have the support of the group in the lines that we take in the Parliament when it comes to fighting for Wales's interests.

[121] Mae John wedi rhoi enghraifft. EID oedd y peth cyntaf inni i gyd weithio arno. Mae'n anffodus mewn ffordd, gan ein bod wedi colli, ond eto i gyd, yr oedd y penderfyniad ynghylch EID wedi ei wneud rhai blynyddoedd yn ôl. Felly, cawsom ein hunain yn dod i mewn yn hwyr yn hynny o beth. Er hynny, yr wyf yn ffyddiog, os gallwn gydweithredu ar y cronfeydd strwythurol, fel y gwnaethom ar EID, byddwn mewn sefyllfa bwerus iawn. Un peth yw i un aelod fynd i weld y comisiwn, Llywydd y Senedd, neu bwy bynnag, i lobïo, ond rhywbeth hollol wahanol yw cael grŵp o'r pedair plaid yn gwneud hynny dros Gymru. Un o'r pethau yr wyf yn credu sydd ar ein hochr yw'r modd y gallwn ni, fel Aelodau Senedd Ewrop, ddod â phobl o Gymru i Frwsel i lobïo a hefyd wahodd pobl i Gymru. Yr oedd hynny hefyd yn rhywbeth a wnaethom yn llwyddiannus iawn yn ystod ymgyrch yr EID, sef dod â'r comisiwn i Gymru i weld y sefyllfa yn y wlad a beth oedd yn digwydd. Rhyngom, yr ydym yn gwahodd grwpiau o ymwelwyr i'r Senedd, ac yr ydym wedi cael cytundeb y bydd y pedwar ohonom yn cwrdd ag unrhyw grŵp sy'n dod, fel y bydd y bobl hynny'n cael cyfle i siarad gyda ni i gyd. Mae hynny'n John has given an example. EID was the first thing that we all worked on. It is unfortunate, in a way, because we lost, but then again, the decision about EID was taken some years ago. So, we found ourselves coming in late in that regard. Nonetheless, I remain hopeful that, if we can co-operate on the structural funds, as we did on EID, we will find ourselves in a very strong position. It is one thing for an individual member to go to see the commission, the Parliament's President, or whoever, to lobby, but it is something completely different to have a group drawn from the four parties doing this for Wales. One thing that I believe is on our side is the way in which we as Members of the European Parliament can bring people from Wales to Brussels to lobby, as well as invite people to Wales. That was also something that we did with great success during the EID campaign, namely bring the commission to Wales to see the situation in the country and what was happening there. Between us, we invite groups of visitors to the Parliament, and we have reached an agreement that should any one of us bring a group of people, all four of us will meet them, so that those people have an opportunity to speak to each

gweithio'n dda ac mae'n un o'r pethau y of us. That is working well and it, too, is one  
gallwn ei ddefnyddio i ddylanwadu ar of the things that we can do to influence  
benderfyniadau. decisions.

[122] **Dr Swinburne:** What has surprised me since I have been here at the Parliament is that we all work in a consensual way in the committees and across our political groups. It has, therefore, been a real surprise to me that what we are doing now did not come naturally to our predecessors. We have consensus in every other way, and we engage in all sorts of other cross-party work, so it surprises me that our colleagues elsewhere do not also have this attitude towards working together for the good of the region that we have been elected to represent. I therefore hope that we are setting a precedent. Certainly, in Scotland, they are now looking at what they are doing in their model, and many in Ireland as saying, 'If they can do it in Wales, why can't we?'. I think that the Celts may be leading the way, certainly within our own regions, in getting ourselves sorted out.

[123] We held a joint lunch with the higher education representatives in Wales to talk about the next framework. We discussed what was needed and what would be necessary for Wales within those negotiations. It is those sorts of discussions, in which we are all together around a table, that make a big difference at the end of the day. We are not all going in our different political ways; we are coming together with one mindset to make things better for our universities, for our area and for our electorate. That seems to be a commonsense way of doing it, certainly in the individual committees. We all know what our individual workload is, but in each of those committees, we seem to have things that are of benefit or importance to Wales. It is important that we then communicate those things from each and every committee, because we cannot be at every committee every time. We communicate that information in a non-partisan way, so that we can ensure that we are working collectively, because what happens in the budget committee will have a knock-on effect on what goes on in the economic monetary affairs committee, and certainly, what goes on in the regional committee will have a knock-on effect all over the place.

[124] It is important that we have this joined-up working, because there are only four of us. It is a huge nation to cover and we need to ensure that we are doing it properly. Without that communication, we would not be performing as well as we are hopefully starting to do now.

[125] **Rhodri Morgan:** I do not want to compare you too much with members of the House of Lords—you are far too young—but I have heard it said that Welsh members of the House of Lords tend to work together on a cross-party basis in a way that Scottish Lords, for example, do not.

[126] **Jeff Cuthbert:** It is very pleasing to hear that you work together as a group for the benefit of Wales, although I suspect, given sharp political differences, that you may have arguments about what is best for Wales in the fullness of time. At the beginning of the meeting, I declared an interest as chair of the programme monitoring committee, as Derek knows, as he served on that committee as well for a number of years. At the moment, the programme monitoring committee has been tasked with looking at the future, post 2013, on the assumption that we are able to get transitional funding. The Eurostat figures have already been alluded to. We might qualify for full convergence, but we will assume that we do not; we are over the three years, if we are indeed over that 75 per cent, but only just. What the programme monitoring committee is doing is looking at how that money might be best spent should we qualify. We do not want to wait until it happens and then go into a panic mode deciding how we are going to spend it, so we are doing that now. One of my questions, therefore, is to ask, whether as a group, or individually, you would be prepared to contribute to that discussion, perhaps via a paper, on how you feel that transitional funding might be used within Wales, so that we can consider it. Are you able to give me an assurance that all four of you, collectively, would be pressing for Wales to get transitional funding should that

be the case in terms of the budget in due course?

[127] **Mr Bufton:** I can answer that straight away. Speaking for myself, I will be fighting for that transitional grade if we lose out on the convergence funding. That is quite clear from my colleagues as well. There are a few issues that we need to address before we get to that point. The money currently in the schemes must be spent. We had a meeting a while back and that seems to be on target at this stage. Where the euro is doing quite well, there is quite a lot of money to be spent in this period, so it is partly your responsibility to spend that money to start with. Regarding a paper, I would certainly like to be involved, individually or collectively, in putting ideas forward at the appropriate time. We must fight for this because, in our current financial state, the money is not going to be around and we are going to be short of cash. Other countries do not have that money to go in, so the pot will be a lot less than in previous years when transitional funding came in for other regions. Make no bones about it; it will be tough, but I will certainly fight.

[128] **Mr Vaughan:** The answer to Jeff's question is quite clear. We will hopefully follow that twin-track approach and ensure that structural funds are available for the regions, as well as the transitional status. In terms of the bigger issue about post 2013, we need to look for the balance that I spoke about earlier, which is the balance between the Lisbon agenda and infrastructure. We need to tweak it a bit so that more money is spent on infrastructure projects, particularly on things like roads and town-centre development. We should be able to do that. The other big thing, which always comes up, is further simplification of the process, particularly from a project sponsor's point of view. That is the other thing that we need to look at.

[129] **Dr Swinburne:** I will just make a comment around not wanting to be naive. We have, and will have, some major budget constraints upon us. The economic crisis is just that; it is a serious economic crisis. To get any economic growth over the next few years will be very hard fought. To work within that type of budget, in order to get the best funding that we can for Wales, we also have to be very cognisant that there are some very large political groups that favour a nationalisation of the regional policies. So, we need to be working now. Hopefully we can do this across all parties and all areas of the Assembly as well, because it is important that we persuade some of the members of the European People's Party in particular that we need these moneys coming to the regions, and not just to the poorer member states.

3.50 p.m.

[130] Mrs Hübner may have been very kind in this forum, but I have to tell you that I have heard her state fairly clearly that her first preference is for the accession countries to have those funds, and that anything that is left over would then be distributed to the regions of those other member states that are far more wealthy. Mrs Hübner is pushing the agenda strongly within the committee on economic and monetary affairs and within the crisis committee, arguing that funds should be made available for those in the most need, and certainly the UK as a whole does not qualify within her definition. So, we need to ensure that we are not politically naive here. I know that, within my own group—I am prepared to be the first to admit it—I have a lot of educating to do. I sit with a large number of people from Poland, the Czech Republic and Latvia. It is important for them to realise that the whole of the UK is not the same, and that we all have different needs and requirements of the EU. We can all do our bit to do that educating, and I will certainly do my bit within my political group, and, where I can, within the EPP. We need to extend this across as many areas and as many political groups as possible.

[131] **Ms Evans:** Very briefly, I agree that we have a major job to do to keep the regional aspect of regional funding, which is where the position in west Wales and the Valleys comes into play. In terms of a paper on transitional funding, I think that that would be a good idea as



a contribution towards the campaign, and it is something that I am sure that we can put together between us. However, in the whole discussion here, we have not mentioned the UK level of Government; perhaps such a paper could be used to try to influence the UK Government position on this as well, because as we are well aware, it does not share our views on this. Therefore, we do not only have to lobby here in Brussels, but also in London.

[132] **Rhodri Morgan:** I have one last question for the four of you. It was put to us this morning in the informal briefing that the timing of our inquiry into the future of the cohesion fund is good, because the commission has not yet made up its mind. It has the whole of the spring and summer to consider approaches internally, but contributions from us would also be very welcome before it goes firm on the strategy in the autumn. We were told that, if we wanted to have an influence, we would have to move with the times in light of the new commission and the views of the two new commissioners—Commissioner Hahn in regional policy and Commissioner Andor in social policy. For instance, Commissioner Hahn has told the Parliament that he wants to do something for the cities, and in this case, that does not mean the cities in convergence areas—it means the poor parts of London, Paris, Milan, Vienna and so on. They need to have something out of the regional policy pot, he has said, whether that is from the social fund or the regional development fund. If we want to have an influence, we were advised that it is better for us to go with the flow on that.

[133] From my personal point of view, as the Assembly Member for Cardiff West, that is fine, because I have very deprived areas in my constituency that, unless Commissioner Hahn is referring only to large cities of a million or more, would surely qualify. So, from my narrow constituency point of view, it would be good to fund the convergence areas plus some city areas, like poor parts of Cardiff, Newport and so on. However, that would not be a good thing if the amount of money going to London, Paris, Vienna and so on, would be taking so much out of the regional policy pot that Wales would be worse off, not better off. What is your view about going with the flow so that, if Commissioner Hahn has an obsession with doing something for the cities, we should half-agree with him? Do you think that we have to say instead, no, this is against Wales's interest, because what bits of Cardiff and Newport would gain would be far less than the losses to the convergence area in order to fund London, Paris and Vienna out of the structural funds. Do you have any thoughts on that?

[134] **Mr Bufton:** I will start, and I will be brief. It is too early to know exactly what Mr Hahn is proposing. I had a meeting with him before he was selected as a commissioner, and in that private meeting he came over very well when I raised a concern about Wales. I was very concerned about the leaked document, but I was confident that we could get some common sense from this man and that Wales would be considered in a good light. He also said that in the hearing in answer to the questions put forward to him. While we need time to look at cities, my concern is that there are areas in Wales as a whole that need to be considered, certainly the areas that we currently have. I am a little sceptical, but it will be up to the four of us and others to see what is proposed. It is still very early days.

[135] **Ms Evans:** I agree with that, but, in principle, I do not think that it is a problem, as you explained at the start. There are cases where very poor areas are excluded because of their geographical position, and if we are to maintain solidarity, we should be looking at other ways of enabling that to happen. We need to go with the flow to an extent, but there are many interest groups now working hard within the Parliament, for example, the groups for rural areas and the new group being set up for mountainous regions. There are several groups pushing for a better deal for those areas under the structural funds, so we must be careful that we do not lose the central element for us in Wales, which is the cohesion or transitional funding.

[136] **Mr Vaughan:** I am not sure what the flow is yet. So many people are throwing things into the water that it is difficult to see where we are going. You mentioned the new

commissioners; the other new commissioner who will be important is Lewandowski, who is the budget commissioner. When he spoke at his interview, he said that he was totally against the paper leaked before Christmas. He said that he did not agree with renationalising regional policy or renationalising the common agricultural policy, and that, as far as he was concerned, it was a dead paper that would never see the light of day. Many things are happening at the moment, and, at this stage, it is about keeping an eye out for what is happening and forming a view at the right time.

[137] **Dr Swinburne:** I will put my economic hat on here and say that we need to do the numbers. At the end of the day, the pot is not going to get any bigger and, therefore, if we are looking at subdividing cities for deprivation calculations, we need to do the numbers to see whether there will be anything left in the pot for us. So, before we come out on one side or the other, I would prefer for us to do at least some back-of-the-envelope calculations on where we would rank before we decide to support a city strategy or not.

[138] **Rhodri Morgan:** Ar y nodyn hwnnw o gytundeb ynghylch ceisio gweithio allan yr hyn sydd o'r budd mwyaf i Gymru gyfan, dof â'r sesiwn hanesyddol hwn i ben. **Rhodri Morgan:** On that note of agreement with regard to trying to work out what is of most benefit to Wales as a whole, I will bring this historic session to a close.

[139] I thank the four Members of the European Parliament, who represent the whole of Wales, despite your political label differences, for coming together to form a strong team on Wales's behalf. I also thank you for coming to present your views to us at this meeting of the Committee on European and External Affairs this afternoon, and for exploring with us the ways in which our paper can maximise its impact when we deliver it to the Assembly. We hope that, as well as delivering it to the Assembly, it will act as a kind of missive in the policy-making process during the critical months in the spring and summer before the commission starts to make up its mind about how it will adapt the cohesion policy and the 2020 strategy, and try to make sense out of that in the context and constraints of recovery from the financial crisis that has really knocked everyone for six over the past two years.

[140] I now draw the session to an end by expressing my gratitude, not only to the four Members of the European Parliament but also to the Committee of the Regions for making these lovely premises available to us this afternoon and for providing us with the back-up that has enabled us to conduct this National Assembly for Wales session, not only away from home base, but uniquely, not even in Wales. Holding this session here on St David's Day with such success is a credit to everyone, including our clerks, recorders and translators, who has participated in enabling today's session to go ahead.

[141] I apologise; I had forgotten that there is another session to this meeting. This is the end of the session with the MEPs, but I have given my final thanks slightly too early. I thank you for participating, but we still have one further witness.

4.00 p.m.

**Pwyllgor y Rhanbarthau—Mandad a Phwerau Newydd o dan Gytuniad Lisbon**  
**The Committee of the Regions—New Mandate and New Powers under the**  
**Treaty of Lisbon**

[142] **Rhodri Morgan:** Gerhard, please come and sit down.

[143] **Mr Stahl:** I apologise for hiding.

[144] **Rhodri Morgan:** I apologise to you for almost closing this afternoon's proceedings

without permitting you to give evidence and present your paper to us. So, I now invite Gerhard Stahl, Secretary General of the Committee of the Regions, who is our host this afternoon, to say a few words about his paper. We will then put some questions to you, Gerhard.

[145] **Mr Stahl:** Chair, thank you very much for allowing me to give you some information on the consequences of the Lisbon treaty for the Committee of the Regions. I know that your Assembly follows closely the work of the Committee of the Regions. With you are four Members who are active in following the different policy areas, so I understand the invitation to come here to give you some general information about the additional role that the Committee of the Regions has as a result of the Lisbon treaty.

[146] It is very positive for the Committee of the Regions that, since its creation in 1994, successively, each EU treaty change has increased its role. The Lisbon treaty has increased its role substantially because, for the first time, the committee is treated differently from other consultative bodies as it has additional rights to other consultative bodies. So far, the new legal framework is very much in line with the political ambition that this institution, via its elected members, has expressed over the course of the past few years.

[147] As you might remember—and you may have seen one document or the other—the Committee of the Regions developed a new mission statement making it very clear that this is a political assembly that is taking part in the political debate and decision-shaping in very close co-operation with the Council of Europe, the European Parliament and the European Commission. So far, this institution has addressed the main policy areas in a very detailed way. I will refer to only a few of the issues, which you have discussed on several occasions. In the climate debate, the Committee of the Regions was part of the official EU delegation. We were in Copenhagen, and, in addition, we had our own conference that we organised in the official part of the Copenhagen conference, where we were able to begin co-operation with the American associations of mayors and to explain the commitment that some European cities had already made under the title ‘covenant of mayors’ to take concrete steps to succeed in achieving the aims of climate policy.

[148] You obviously also discussed all the other issues in detail: cohesion policy, structural funds—which is on the Committee of the Regions’ agenda almost daily—and the question of future financing. For almost two years, we have had a working party of our bureau, which has discussed in detail with the commissioner responsible and the chair of the budget committee of the Parliament the different preparatory steps. That means that the Committee of the Regions wants to be a very active policy shaper. In that regard, it might also be of interest to you to see that the Committee of the Regions is regularly present in all informal ministerial meetings related to cohesion policy and structural policy. Some weeks ago, there was a meeting, which was obviously under the responsibility of the Spanish presidency, at which representatives at the ministerial level and Secretary of State level from all the 27 member states discussed cohesion policy. Commissioner Hahn was there and, as usual, the Committee of the Regions was present, represented by its president.

[149] It might also be of interest to you, in making your judgment about the capacity of the Committee of the Regions to be a policy shaper, to know that some of our members are also part of the national decision-making process. Those members who have second chambers and legislative regions, who are members of the Committee of the Regions, are somehow also part of their national decision-making structures. Therefore, our members are able to shape the policy debate in quite different areas. There are interesting examples of where the end result is very much the combined effort of our members on both national and European level in demanding certain policy activities.

[150] Communication is an obvious issue because, as you know best, as politicians, the

debate determines very much how far you can go in certain policy directions that are contested. So far, the Committee of the Regions makes a regular effort in close co-operation with regional journalists in co-operation with other institutions to facilitate communication. Close co-operation with other European institutions is also important. For example, we have open days in which Wales has participated and to which many civil servants come from Wales. That has been organised in co-operation between the commission and the Committee of the Regions for many years. We have extended this now to the European Parliament, which will now also take part regularly. Therefore, that shows that we are networking on a political level with some of the key elements to influence the outcome.

[151] For some of the more specific activities, like better lawmaking, for example, it means a reduction in the administrative burden. The Committee of the Regions was also invited to send someone to the so-called Steuber group; therefore, we had a member who took part and contributed to those activities.

[152] All of that somehow boils down to taking advantage of this new confirmed role of local and regional authorities in the Lisbon treaty. As you know, and as you have surely discussed, in terms of the Lisbon treaty, the institutional role of regions and cities is legally confirmed. This means that European institutions, which sometimes in the past only wanted to co-operate with national actors, are now also legally obliged to work with those actors in the area of their competence. Therefore, it is now necessary to develop new ways of bringing in these competences and also to legally recognise the actor in the common decision making and implementation of policy. Therefore, the Committee of the Regions has presented its White Book on multilevel governance, which is not a theoretical exercise; or on an academic debate. It is an effort to develop methodology to assure that those who have competences are brought into the European decision making. I hope that, with those brief comments, I have presented to you the role of the Committee of the Regions.

[153] **Rhodri Morgan:** I am very grateful for that presentation. I would like to pick up on the last point, in particular. We have an interest in trying to develop an effective mechanism for monitoring potential challenges that we might want to make on subsidiarity grounds to proposed draft European legislation, where we are the competent authority to implement it, rather than the UK Government or any of its agencies. We know that the Committee of the Regions also undertakes a subsidiarity monitoring exercise, but does it also have a way of referring matters in order to get the views of regional assemblies or parliaments such as the Welsh Assembly, the Scottish Parliament or the Northern Ireland Assembly?

4.10 p.m.

[154] **Mr Stahl:** On subsidiarity control, as you know—and it is also the case with the new Lisbon treaty—the Committee of the Regions has the right, if need be, to go to the court in Luxembourg to demand annihilation of legislation based on subsidiarity arguments. However, your questions related very much to co-operation with those regional and national parliaments, which are now, through the early warning procedures, invited to scrutinise and then pass on their comments.

[155] **Rhodri Morgan:** During the eight weeks.

[156] **Mr Stahl:** Yes. For over two years, the Committee of the Regions has prepared this debate by developing this subsidiarity network, in which Wales is also taking part. I had a chance in 2008 to participate in one of your hearings where you already started to reflect on how Wales would prepare itself for this moment. So, I think that there has already been a first experience co-operation. The offer that that the Committee of the Regions can make with the subsidiarity network—which now has more than 120 participants of quite a different nature—is to exchange information with other regional parliaments that are, to a certain extent,

confronted with the same question. You could then also get an understanding of the reaction of other, similar assemblies to certain topics. Obviously, the Committee of the Regions can—and we are not bound by the eight weeks because we now have a consultative task—later on in the consultative process, take up arguments. So, we can also use that information by passing it on to European decision making.

[157] **Rhodri Glyn Thomas:** Croesawaf yn fawr y diwygiadau i rôl a chyfrifoldebau Pwyllgor y Rhanbarthau dan gytundeb Lisbon oherwydd credaf ei fod yn rhoi rôl graffu benodol i Bwyllgor y Rhanbarthau am y tro cyntaf.

**Rhodri Glyn Thomas:** I warmly welcome the amendments to the role and responsibilities of the Committee of the Regions under the Lisbon treaty because I believe that it provides a specific scrutiny role for the Committee of the Regions for the first time.

[158] Fel Aelod eilydd o'r pwyllgor hwnnw, mae hefyd yn rhoi cyfeiriad i'r gwaith y byddaf i'n gallu ei wneud. Yr oeddwn yn falch bod y Comisiwn Adnoddau Naturiol, yr wyf yn aelod ohono, wedi penderfynu cyhoeddi datganiad ar yr adolygiad o'r polisi amaeth cyffredinol. Bydd hwnnw'n bwysig iawn i Gymru ac edrychaf ymlaen at gydweithio gydag Aelodau Senedd Ewrop ar y mater hwnnw.

As an alternate Member of that committee, it also gives direction to the work that I will be able to do. I was pleased that the Natural Resources Commission, of which I am a member, has decided to issue a statement on the reform of the common agricultural policy. That will be very important to Wales and I look forward to working with Members of the European Parliament on that issue.

[159] **Michael German:** I have a very short question: since the Lisbon treaty, what has happened to your relationship with the European Parliament? Has it altered subsequently and what is your main method of communication and working with those Members?

[160] **Mr Stahl:** In legal terms, the Lisbon treaty also now obliges the European Parliament to consult us, which was previously only done on a voluntary basis, from time to time, but which is now a legal obligation. That allows us to develop further what had already started in key areas. For example, we already had common meetings of committees on regional policy and structural fund policy. Our members and members of the Committee of the Regions in this instance, had a debate on this and somehow developed a common answer to the question. This co-operation, which has already started, now has to become more generalised and apply to all the dossiers on the table.

[161] We have certain limitations; Mr Thomas and other members of the Committee of the Regions know that their time is limited, because they do not have the same chance as Members of the European Parliament to be present for two or three weeks a month in Brussels or Strasbourg. So, we also have to find efficient means to pass on the deliberations, to explain why there are focused communications and individual meetings between our rapporteurs and parliamentary rapporteurs, and, so far, we are using all possible means to pass on the message. The European Parliament now has a genuine interest in communicating and being present. Almost each week, you will find that conferences are being held here that relate to regional and local activities, at which Members of the European Parliament are taking part.

[162] **Rhodri Morgan:** Thank you for your contribution to our proceedings this afternoon and also for bringing our proceedings to an end, because, as I mentioned in error 15 minutes ago, this has been a historic meeting. I wanted to repeat the thanks that I gave then, but to do it formally and properly at the end of the meeting, to the Committee of the Regions for being our host as well as to you for your evidence, and also to the staff of the National Assembly for Wales who have been out here in order to make this St David's Day meeting possible. It has

gone smoothly, apart from the transport arrangements to and from Brussels, which were bedevilled by the Eurostar problem, as you will be well aware. Nevertheless, it has been a worthwhile undertaking. The real proof of this meeting's success will come when we complete our inquiry and inject our report not only into the discussions that we will have in the National Assembly but, more importantly in some ways, when we inject what I hope will be a powerful paper into European Commission proceedings, as it starts to move towards finalising its decisions on the future of cohesion, regional and social policies by the autumn. We look forward to be able to do that with the assistance that we have had from everyone in Brussels today.

[163] Diolch yn fawr i bawb sydd wedi I thank everyone who has contributed to the cyfrannu at lwyddiant yr achlysur hwn success of today's meeting. heddiw.

*Daeth y cyfarfod i ben am 4.17 p.m.*  
*The meeting ended at 4.17 p.m.*