



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

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

**Dydd Mawrth, 20 Ebrill 2010
Tuesday, 20 April 2010**

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

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

Aelodau'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

Philip Harris	Prif Weithredwr, Technium OpTIC Llanelwy Chief Executive, St Asaph Technium OpTIC
Andrew Parry	Pennaeth Cyfathrebu Corfforaethol a Chynghorwr Gweithredol i'r Is-Ganghellor, Prifysgol Glyndŵr Head of Corporate Communications and Executive Adviser to the Vice Chancellor, Glyndŵr University

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

Keith Bush	Pennaeth y Gwasanaethau Cyfreithiol Head of Legal Services
Lara Date	Clerc Clerk
Gwyn Griffiths	Cynghorydd Cyfreithiol Legal Adviser
Gregg Jones	Pennaeth Swyddfa UE Cymru, Gwasanaeth Ymchwil yr Aelodau Head of Wales EU Office, Members' Research Service
Sarita Marshall	Dirprwy Glerc Deputy Clerk

Dechreuodd y cyfarfod am 9.25 a.m.
The meeting began at 9.25 a.m.

Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introduction, Apologies and Substitutions

[1] **Rhodri Morgan:** Welcome, Members, who are returning from recess, officials and anyone in the public gallery.

[2] Croeso cynnes iawn i'n sesiwn ni. A very warm welcome to our session.

[3] Headsets are available in the room for translation and sound amplification for anyone who is *drwm eu clyw*—hard of hearing. The translation is on channel 1 and the amplification on channel 0. Everyone, including the Chair, should ensure that their mobile phones are switched off. If anyone knows how to switch off a BlackBerry, I will be grateful to them for their assistance. In the event of an emergency, an alarm will sound and ushers will direct everyone to the nearest safe exit and assembly point.

[4] I move on to apologies. I have one apology and that is from Nick Bourne.

[5] I move on to declarations of interest and I would like to invite any Members to make any relevant declarations of interest under Standing Order No. 31.6. I believe that you had a little note that you wanted to tell us about, Rhodri Glyn.

[6] **Rhodri Glyn Thomas:** Yr wyf am nodi fy mod yn aelod eilydd o Bwyllgor y Rhanbarthau. Yr wyf hefyd yn aelod eilydd o'r pwyllgor sy'n edrych ar y gyllideb ar ran y grŵp Cynghrair Rhydd Ewropeaidd.

Rhodri Glyn Thomas: Just a note that I am a alternate member of the Committee of the Regions. I am also an alternate member of the committee that is looking at the budget on behalf of the European Free Alliance group.

[7] **Rhodri Morgan:** I do not know whether that should be noted as a declaration of interest, but it is a point of interest certainly.

9.27 a.m.

Ymchwiliad Craffu: Dyfodol y Polisi Cydlyniant: Trafod Barn Pwyllgor y Rhanbarthau ar Ddyfodol y Polisi Cydlyniant
Scrutiny Inquiry: Future of Cohesion Policy: Consideration of Committee of the Regions' Opinion on Future of Cohesion Policy

[8] **Rhodri Morgan:** We will move on to the scrutiny of the future of cohesion policy and, in particular, consider the opinion of the Committee of the Regions, which Rhodri Glyn has just referred to, on the future of cohesion policy.

[9] We have had a slight disappointment for technical reasons. Michael Schneider, former chair of the Committee of the Regions' Commission for Territorial Cohesion, was going to provide us with evidence via a videoconference link from Berlin, but we have not been able to resolve the technical difficulties in time for today's meeting. I understand that his opinion was debated and agreed at the full session of the Committee of the Regions last week, at which both Rhodri Glyn and Gregg were present. I believe that Gregg at least met briefly with Dr Schneider at the end of the plenary session—I do not know whether Rhodri Glyn did—and you have a briefing from the Members' research service.

[10] I would like to invite Rhodri Glyn to make any comments about the proceedings of the Committee of the Regions at its plenary session last week and then I will hand over to Gregg so that he may comment on the private meeting that he had with Dr Schneider after the meeting. We can then move on to a more open session on it.

[11] **Rhodri Glyn Thomas:** Derbyniwyd y farn a osodwyd gan Michael Schneider yn unfrydol yn sesiwn Pwyllgor y Rhanbarthau yr wythnos diwethaf. Mae hynny'n newyddion da i ni oherwydd mae'n datgan yr hyn y mae'r pwyllgor hwn wedi bod yn ei nodi, sef bod angen i'r polisi cydlyniant barhau, ac er bod angen edrych ar y gwledydd tlotaf yn sicr, dylid hefyd sicrhau fod gwledydd sydd wedi derbyn cymorth yn derbyn cymorth trosiannol, yn sicr i'r cyfnod nesaf, hyd yn oed os nad ydynt yn llwyddo i gael eu derbyn yn llawn i bolisi cydlyniant y

Rhodri Glyn Thomas: The opinion laid by Michael Schneider was unanimously agreed in last week's session of the Committee of the Regions. That is very good news for us because it states what this committee has been noting, that is that cohesion policy needs to be continued, and although there is certainly a need to look at the poorest nations, we should also ensure that nations that have received assistance in the past should be given transitional funding, certainly into the next period, even if they do not qualify for full inclusion in a future

dyfodol.

cohesion policy.

[12] Fodd bynnag, cafodd Gregg gyfle i gael sgwrs gyda Dr Schneider ar ddiwedd y cyfarfod, felly bydd yn gallu rhoi mwy o fanylion i'r pwyllgor ar hynny.

However, Gregg did have an opportunity to have a conversation with Dr Schneider at the end of the meeting, so he will be able to give more detail to the committee on that.

9.30 a.m.

[13] **Rhodri Morgan:** Gregg, do you want to take us through Dr Schneider's views and make any other comments on the opinion? It is quite lengthy and is written in the fairly stilted language that you traditionally get in these reports, but you can pick the bones out of that as well, perhaps, for our benefit.

[14] **Mr Jones:** I spoke to Dr Schneider after the plenary meeting had finished and he was very happy with the fact that the report had been adopted—unanimously, and with cross-party support. He was also pleased that, from his point of view, the main messages or the key issues that he wanted to present were maintained in the final draft opinion. So, he was basically a very happy man when I spoke to him.

[15] I asked him a couple of questions around the content, relating it back to the work that this committee has been undertaking, and he kindly gave his thoughts on those points. One issue in particular that the committee has discussed is the status of transitional regions, post 2013. In his report, Dr Schneider took a particular view on the support that should be available and which regions should fall within that category. His position is to see transitional regions in terms of former convergence regions that have gone beyond the 75 per cent European Union gross domestic product; specifically, they should be the focus of support under any transitional measures, supported through funding from the convergence objective.

[16] I asked him specifically about that because previous evidence that we had received from Saxony-Anhalt—Thomas Wobben, who is the director of their representation in Brussels—had talked about a transitional regions objective being considered, targeting regions that fall within 75 per cent to 90 per cent GDP average, which were the figures that he had cautiously used. The 90 per cent was introduced, but not as a definitive target. Those figures were also mentioned by Commissioner Hahn during the Committee of the Regions plenary. He used those two figures.

[17] Dr Schneider emphasised that, from his perspective, he felt that convergence regions or regions transiting out of convergence had special needs and were a special case to be addressed. Even though he did not rule out support to regions above the 75 per cent, he said that his particular interest and focus was on convergence regions moving or progressing forward.

[18] **Rhodri Morgan:** From the point of view of Saxony-Anhalt, and the other ex-East German Länder—four or five of them, whatever it is—have they all moved from being below 75 per cent to above 75 per cent? Is there a specific ex-East German interest in that 75 per cent to 90 per cent band?

[19] **Mr Jones:** Yes, I think that that is the case. Based on the 2007 GDP figures that were published in February, which may be, if things remain as they were in the past, the first of the three-year reference periods to determine which regions qualify, all of the East German Länder that currently qualify for convergence are above the 75 per cent level; from memory, I think that the figure is about 80 per cent. I can provide a further note to the committee on that, just to ensure that it is accurate.

[20] **Rhodri Morgan:** Did he mention the strange phenomenon that was put to us—I cannot remember who by—about the next real level where, when you are down to small zones, the Dresden city region managed to sort of fake the figures? In the relevant year, just before the cut-off point, it managed to drop its gross value added per head to just below 75 per cent, and then, as soon as the relevant year cut-off point was over, it went back up above 75 per cent. No-one quite knows how they did it, but it looks awfully suspicious.

[21] **Mr Jones:** He did not mention that at all in our conversation.

[22] **Rhodri Glyn Thomas:** That is a surprise.

[23] **Rhodri Morgan:** It is just one of these weird things about the statistics. If you are terribly close and you know that the next seven years depends on being 74.9 per cent not 75.1 per cent, are there ways of doing it? How on earth you would do it I have absolutely no idea.

[24] **Mr Jones:** There were a couple of other points I addressed with him as well. One was on the area of territorial co-operation, as opposed to territorial cohesion, and the question of macro regions. The reason I put this question was because there was a conference in Brussels that week at the Committee of the Regions where the issue of macro regions and their future status was discussed; again, Commissioner Hahn spoke at that event. It is not mentioned in Dr Schneider's report and I asked him whether that was a deliberate choice or because the issue did not come up in his evidence gathering. He said that it had not come up and it was also a deliberate choice, because, from his perspective, it is too early to see what the significance of macro regions is. They are new; the only regional strategy that has been developed so far is the Baltic Sea strategy. He said that, although he supported the concept and was interested in it, he did not feel that it merited specific attention at this point in time. I thought that that was something that needed to be considered from our perspective, because it has been raised.

[25] Then, in terms of the overall objectives and structure, the architecture simplification, he emphasised that the key messages that he wanted to put across, which you have seen in the draft report, remained intact and were not challenged by any of the amendments that were put forward during the debate.

[26] **Rhodri Morgan:** So, the key thing is that the Committee of the Regions is committed to putting its weight behind the retention of cohesion fund programmes outside of the new member states, in the poorer parts of the richer member states such as UK—west Wales and the Valleys in particular—and the old East German provinces, albeit that those may be in the 75 per cent to 90 per cent GVA per head band. We do not know whether west Wales and the Valleys needs to be considering that or whether, following this 3.6 per cent drop overnight, it may not need that protection but would still need the protection from any financial priority saying, 'Well, we've got to simplify this whole field and we'll just concentrate on the new member states'. They are saying, 'No, don't do that; that's not European cohesion policy'.

[27] **Mr Jones:** Absolutely. There was unanimous cross-party support for future cohesion, EU-wide, to focus on the poorer member states, but not exclusively. It is also worth adding that that view was shared by Commissioner Hahn. It is exactly what Commissioner Hahn had said in his speech to the plenary, the only difference being that Commissioner Hahn explicitly referenced 75 per cent to 90 per cent in his speech.

[28] **Michael German:** On the architecture, was the issue of what we heard on the European social fund—the idea of having a more thematic approach, pillars of themes and whatever—specifically dealt with in the paper? Clearly, if the European regional development fund and the European social fund were going to have a split and different approach, that would make a difference. Secondly, was there any discussion about the manner of transitional funding—its make up, whether it is a sliding scale, whether it was big steps or whether it was

just simply an edge that you just fell off partway through?

[29] **Rhodri Glyn Thomas:** Tra bod Gregg yn darllen ei nodiadau, gallaf wneud y pwynt sylfaenol nad oedd y pwyntiau hynny yn ganolog i'r drafodaeth a gafwyd yn y pwyllgor. Yr oedd Dr Schneider yn ceisio pwysleisio'r egwyddor sylfaenol. Mae cyfraniadau yng nghyfarfodydd Pwyllgor y Rhanbarthau hyd yn oed yn fyrrach na rhai'r Cynulliad—rhyw dri munud a roddir i bawb, er nad yw rhai cyfeillion yn cadw llygad ar y cloc yn ddigon manwl. Felly, yr egwyddorion sylfaenol a drafodwyd. Nid wyf yn cofio gweld unrhyw beth yn y papur, Gregg, a oedd yn cyfeirio yn benodol at hynny.

Rhodri Glyn Thomas: While Gregg reads his notes, I can make the fundamental point that those points were not central to the discussion that we had in the committee. Dr Schneider was endeavouring to emphasise the fundamental principle. Contributions in the Committee of the Regions are shorter than those in the Assembly—they are about three minutes, although some of our colleagues do not watch the clock closely enough. Therefore, it was the fundamental principles that were discussed. I do not remember seeing anything in the paper, Gregg, which referred specifically to that.

9.40 a.m.

[30] **Mr Jones:** Sorry, I was reading. I missed the last bit.

[31] **Rhodri Glyn Thomas:** I was just asking whether there was anything specific in the paper about those details. It is about the main principle, is it not?

[32] **Mr Jones:** Yes. He does not go into what shape the transitional structure should take, to take up Mike's second point. He just states—and I think that this was the key point—that the focus is on former convergence regions. There is no mention of regions falling back from, say, 90 per cent down to 80 per cent. So it raises a question around where you have regions with the same GDP. According to this paper, their history determines whether or not they should receive support from the convergence fund.

[33] **Michael German:** The question that I suppose that I am really asking is whether there is still a debate to be had within the COR about the architecture of transitional arrangements.

[34] **Mr Jones:** There may be. This is an own initiative opinion, and is before the Commission has come forward with proposals. The Committee of the Regions will respond to the Commission's proposals once they come out, which will probably be at the beginning of next year.

[35] **Rhodri Morgan:** Jeff, did you want to come in on that point?

[36] **Jeff Cuthbert:** No, thank you.

[37] **Rhodri Morgan:** I want to ask what is a variant on Mike's question, in a way. Was there any reference by Dr Schneider privately to you, or in the paper for that matter, to the urban theme coming in? That is Commissioner Hahn has a well-known predilection for adding a theme, which has not been present previously, whereby the poor parts of European metropolises that are otherwise prosperous, such as Vienna, London, Paris and so on, but which have zones of high immigration, great poverty, urban dereliction and so on, should be permitted to access European funding.

[38] Was there any reference to the potential dividing of the paths that the social fund and the regional fund might take? We were told that the new commissioner for social affairs, Commissioner Andor, was quite anxious to mark out separate territory for the social fund as

being senior in age to the regional fund and asking why it should always be playing the regional affairs game when it should have its own separate lead role.

[39] **Mr Jones:** There is explicit reference to urban areas within the draft opinion. Paragraph 49 of the paper talks about maintaining an urban dimension and references it in terms of social economic stability in cities, and supporting indigenous factors in the development of urban areas. It does not explicitly take on the question of whether there should be a prioritisation or a target in a fund, ring-fencing, or anything like that. That detail has not been addressed in this report but, again, that may be something that the Committee of the Regions would return to in the future.

[40] Commissioner Hahn did talk about it in his speech to plenary, and he again emphasised the importance of addressing the situation facing European cities. So, yes, that is a constant theme on his agenda. However, there is no indication as yet as to whether he is going down the route of special prioritisation beyond the idea of possibly having a community initiative for urban areas. It is certainly something that he is still mentioning.

[41] **Rhodri Morgan:** Okay. On the breaking of the close link between social and regional funds, was that seen as a danger or not?

[42] **Mr Jones:** Absolutely. Again, Dr Schneider's report advocates maintaining ESF and ERDF so that cohesion policy has a joined-up approach.

[43] **Rhodri Morgan:** Are there any other points on this? If not, we will move on now to item 3.

[44] **Rhodri Glyn Thomas:** Gadeirydd, hoffwn nodi, gan ein bod yn trafod Pwyllgor y Rhanbarthau, gefais gyfle yn ystod y cyfarfod llawn i ymateb i'r comisiynydd dros amaeth ar ran grŵp y Cynghrair Rhydd Ewropeaidd. Yr oedd y comisiynydd wedi pwysleisio yn ystod ei sylwadau rhagarweiniol ei fod yn croesawu ymateb oddi wrth y rhanbarthau ynghylch dyfodol y polisi amaethyddol cyffredin a chefais gyfle i ddweud bod yr Is-bwyllgor Datblygu Gwledig yn bwriadu cynnal ymchwiliad i hynny, a byddwn yn bwydo hynny i mewn i'r drafodaeth ar ddyfodol y polisi amaethyddol cyffredin. Ceisiaf sicrhau bod y pwyllgor yn cael gwybodaeth am unrhyw ddatblygiadau yn y maes hwnnw.

Rhodri Glyn Thomas: Chair, I would like to note, as we are discussing the Committee of the Regions, that I had an opportunity during plenary to respond to the commissioner for agriculture on behalf of the European Free Alliance group. The commissioner had emphasised in his opening comments that he welcomed comments from the regions about the future of the common agricultural policy and I had an opportunity to state that the Rural Development Sub-committee intended to conduct an inquiry into that, and that we would feed that into the debate on the future of the common agricultural policy. I will try to ensure that the committee is provided with information about any developments in that regard.

[45] **Rhodri Morgan:** Da iawn. Diolch yn fawr.

Rhodri Morgan: Very good. Thank you.

9.45 a.m.

Rhaglen Waith y Comisiwn Ewropeaidd: Blaenoriaethau Strategol y Pwyllgor European Commission Work Programme: Committee's Strategic Priorities

[46] **Rhodri Morgan:** We have two papers: the committee's strategic priorities and the European Commission work programme.

[47] It might be as well for us to take them in reverse, because if we get a hold of the European work programme then we can have a look at the issues that are particularly relevant for us. We have our summary of the work programme, which Gregg has prepared. Would you like to run through that, Gregg, and pick the bones out of it and say what the key issues are for Wales?

[48] **Mr Jones:** Okay. By way of introduction, the approach that we have used in preparing this paper is the same as that we took last year. It is based around the European Committee's strategic approach paper, in which we try to highlight key and thematic issues that are of particular interest that jump out from the Commission's work programme.

[49] For 2009, the committee decided to focus on some key strategic issues that would be debated in preparation for 2010 and beyond, which means that there is a strong level of continuity. That is not laziness on the committee's behalf, if that is the right phrase, but is testament to the fact that the committee has been focusing on the right issues and, if you like, has its finger on the pulse. The key debate is taking place in Brussels.

[50] In terms of the Commission's work programme itself, the paper has a narrative setting out the context of what the Commission is trying to achieve. It very much frames it in terms of the five-year mandate of the new European Commission. Even though this is an annual work programme, it sets the context over a longer term period, if you like, because it talks about the priorities over the whole of the mandate.

[51] In terms of content, it identifies a number of strategic initiatives to be focused on during 2010, of which there are a total of 34 grouped into eight areas, as detailed in the paper. That is quite specific and includes indicative timeframes for when the Commission is planning to come forward with proposals for those initiatives.

[52] The second part of the paper or the work programme is a little bit more fluid. It is where the Commission comes forward with about 280 or so proposals. They are a mixture of legislative and non-legislative proposals that it says will come forward during 2010 and beyond, but it is an indicative list, so some of the items included may well not come forward and others may be added over time. So, that needs to be treated with a little bit of caution, I suppose, and we should get more detailed information on those plans as they come forward during 2010 and as we talk to the various directorates and units and the commission that will be responsible for progressing them. That is by way of introduction.

[53] Section C of the briefing paper, on the basis of those two elements, comes forward with strategic issues that it is recommended that this committee considers during 2010 and into 2011, being conscious of the fact the Commission should come forward with a new work programme for 2011 towards the end of this year or into early 2011 itself. That may require revisiting.

[54] Then the final section includes a number of issues that it is suggested the committee may wish to refer to the other Assembly committees, on the basis of being realistic about the work load that this committee can undertake in the time available, and also in the context of issues and policy areas that are addressed. It is suggested which Assembly committees the issues may be more relevant to.

10.00 a.m.

[55] **Rhodri Morgan:** The point that Gregg has made is that when it comes to considering whether the European Commission is going to lead an effort to ban credit default swaps and so on, that will clearly have a big 'regional impact' on the City of London. We do not have any credit default swaps, hedge funds and so on in Wales. However, on the other hand, the

impact of a greater emphasis on the separation out of forms of banking that are free from casino-style banking, and the possibility of needing new instruments to reach the unbanked, would be things that we would be very interested in. There has been a great deal of interest in whether we should have new-style banking institutions, quite separate from the merchant bank element of banking. We would be very interested in what Europe is going to be doing on that front.

[56] **Michael German:** One consideration is what will happen if you are a small company seeking to borrow money in order to extend, invest or to maintain your current position, and you turn to a traditional bank and they have been split. Will that have an impact—one hopes that it will—on that sort of micro economic investment, which is very much part of our remit?

[57] **Rhodri Morgan:** Second, of course, we have a particular interest in Finance Wales, which is not unique in Europe, but I think that it is unique in the UK. It could be affected: it could be a beneficiary, but it might not. It all depends on risk negotiation with the Treasury, which is ongoing, regarding how it should be classified and whether its debts, which include debts to the European Investment Bank, are to be classified as being on the Assembly Government balance sheet or off the balance sheet.

[58] **Michael German:** Can it be called a bank?

[59] **Rhodri Morgan:** It cannot at the moment. We regard this as work in progress, to see how we maintain the right balance between the non-economic parts, the non-devolved parts and the impact on Wales and Wales's potential to benefit from new-style institutions that might fall out of any change in financial regulation or the structure of the banking industry. Are there any other points on this?

[60] **Michael German:** I did raise the point about the eighth framework.

[61] **Rhodri Morgan:** Sorry. Is that the research and development framework?

[62] **Michael German:** I think that it is important that it fits our training skills agenda and everything else.

[63] **Rhodri Morgan:** Gregg, there is a little office in the office next to yours, is there not, that is occupied by representatives of the universities of Wales? Do you think they would be happy to oblige if we were to ask them to provide us with a paper on how to maximise the Welsh share of the eighth research and development framework programme?

[64] **Mr Jones:** I think that they would be delighted to do that.

[65] **Rhodri Morgan:** Great. We shall make the request. Lara, please, could you communicate with them on that?

[66] The one other point that I should have made is that these are points that we can also raise with the First Minister. The First Minister is giving his session in two weeks' time and if Lara communicates to his office the kind of discussion that we have had this morning, Carwyn's office will be able to prepare a briefing in the vein of the discussion that we have had today. Is that okay? We will then get a feel for the kind of priorities that are being worked up inside the Assembly Government to see if they take a similar view to us, or a widely different one, on the Commission's work programme, and on this balance between the economic and the non-economic side. We will return to that theme in two weeks' time during the First Minister's scrutiny session.

10.05 a.m.

**Ymchwiliad Craffu: Dyfodol y Polisi Cydlyniant: Casglu Tystiolaeth
Scrutiny Inquiry: Future of Cohesion Policy: Evidence Gathering**

[67] **Rhodri Morgan:** This item is on the future of cohesion policy. This morning, there is a slight amendment to what was included in your briefing, and that is Glyndŵr University. Good morning. We have Philip Harris and Andrew Parry to give evidence. Brenda Hargreaves, the business centre and innovation manager at OpTIC Glyndŵr, was also going to be here, but she is not coming now. We have received an apology from her. She is probably stuck in Fuerteventura or somewhere, is she?

[68] **Mr Harris:** No, we just did not think that it was necessary for three of us to be here.

[69] **Rhodri Morgan:** You thought that the two of you would be plenty; that is fine. Welcome to Philip Harris, the chief executive of OpTIC Glyndŵr, and Andrew Parry, who has wider responsibilities at Glyndŵr University, but is head of corporate communications and is executive adviser to the vice chancellor, Michael Scott.

[70] I thank Philip, on behalf of the committee, for his paper and invite him to make some brief introductory remarks. If you take us through the paper, we will then have a question-and-answer session.

[71] **Mr Harris:** I thank you very much for the opportunity to provide evidence to the Committee on European and External Affairs. You have before you our written evidence, which gives you the background to OpTIC Glyndŵr, and provides some examples of benefits that its operations have had.

[72] I will just highlight a couple of the possibly more relevant aspects of the paper. The OpTIC Technium was established, as you possibly already know, by the Assembly Government with the aid of European funding. Since then, it has brought considerable benefit to north Wales by creating and securing jobs, establishing and maintaining the optoelectronics cluster in north Wales, bringing further investment and leading academics to the region, and helping technology transfer to businesses.

[73] The paper quotes from a representative of the European Southern Observatory who described the science that has been done at OpTIC as being some of the best in the world. The current development contract that we have to polish large hexagonal mirrors for the European Southern Observatory is a €5-million research-and-development contract. It is a development contract with a real customer, which is incredibly exciting. Not only that, it is a real customer who will be going out to tender for a production contract that is worth €200 million. We are very much hoping that that will come to north Wales, in partnership with Qioptiq, a local manufacturing company.

[74] The factors that have contributed to the success include the strong foundations laid by Pilkington. You should not underestimate the fact that it was a big employer in the area and had developed a lot of skills in the optoelectronics cluster around St Asaph. The input from the university sector has been invaluable, especially from Glyndŵr University, but also from University College London, the University of Cambridge and Cranfield University, which sponsor some of the work that goes on at OpTIC. The other factor, of course, was the funding to establish the building in the first place.

[75] Reports on the economy in north Wales frequently quote Airbus as an excellent example of how a business can transform an economy, not only with what goes on within the

factory itself, but with the impact on the supply chain. OpTIC has the opportunity to do a similar thing with the optoelectronics industry that Airbus has done. We hope to create a similar sort of economic benefit as Airbus. We have already started on that process. We would very much like to extend the OpTIC facility at St Asaph, together with adjacent technologies, and create a science park. There is plenty of space next to the building and once you have a centre of gravity, it is much easier to attract leading academics, industrialists and commercial people to the area. We would very much like to extend this success further in developing the science park there.

[76] Finally, I will just give a short clarification on terminology. The OpTIC Technium was the Assembly Government's technium that was established in St Asaph. The management and the operation of the technium was originally given to a private organisation called Optpreneurs Ltd. When its five-year contract was drawing to an end, the Assembly Government approached Glyndŵr University to take the facility over as a subsidiary of the university, called OpTIC Glyndŵr. That is how the transition in the name has happened. That took place on 27 February last year and now there is much closer integration between OpTIC and the university. OpTIC, as a building, is providing the transfer process from the university to the commercial world. It sits as a sort of sandwich between academia and the commercial world, providing that all-important technology transfer and feeding the thinking processes from industry back into the research that is done in the university.

10.10 a.m.

[77] **Rhodri Morgan:** All right, Andrew, do you want to add anything to that?

[78] **Mr Parry:** Efallai y gallaf ddweud rhywbeth o safbwynt y brifysgol. Pan gawsom y cyfle i gymryd cyfrifoldeb am gyfleuster OpTIC, nid oedd amheuaeth ein bod yn awyddus iawn i wneud hynny. Yr ydym yn meddwl fod y cyfleuster hwnnw yn rhoi hwb mawr i ochr ymchwil y brifysgol. Hefyd, mae'n rhoi ffynhonnell arall ar gyfer rhannu gwybodaeth o'r brifysgol â busnesau lleol. Felly, mae'n bwysig o safbwynt y brifysgol hefyd.

Mr Parry: Perhaps I can say something about the position of the university. When we had the opportunity to take over the OpTIC facility there was no doubt at all that we were very eager to do so. We believe that that facility gives a huge boost to the research work of the university. It also provides another source of information so that the university can feed information into local businesses. So, it is important from the point of view of the university too.

[79] **Rhodri Morgan:** There is a question from Jeff Cuthbert first and then I have some questions.

[80] **Jeff Cuthbert:** Thank you, Chair. One problem with indicating that I wanted to ask a question before you finished your presentation was that you clarified one point that I was interested in, on the mirrors that were being produced. They are hexagonal, but that is not written here, unless I have missed it. I had assumed up to that point that they were circular, so I was going to ask whether the 1.5m referred to the diameter or the radius, so that I could get an idea of the size. However, is that the side of the longest triangle of the segment or is it the overall width?

[81] **Mr Harris:** It is the overall width.

[82] **Jeff Cuthbert:** My main question is on paragraphs 5.2 and 5.3, where you point out, quite rightly, that Glyndŵr University is in a competitiveness area but that OpTIC is based in the convergence area. Has that, in and of itself, led to any particular problems that you have been able to overcome? You mention firms perhaps wanting to locate in the convergence area, so that they can benefit from the high level of financial support, and I can see the logic

in that, but more generally speaking, how have you been able to overcome that and what lessons could be learnt for other organisations that maybe facing similar situations in Wales?

[83] **Mr Harris:** I will caveat these discussions by saying that the university has been responsible for OpTIC Glyndŵr for about a year now and I have been in post for about six months; I have been fairly well briefed but we may have to get back to you on some of the questions, for further detail.

[84] To answer the question, I do not think that we have seen a huge number of problems in being in a convergence zone. I think that it has been quite useful, from what I can tell. When I spoke to people internally before I left, they mentioned attracting well-qualified people to support some of this work. Once you get critical mass it is not difficult; when you get what you are doing out there into the public domain and it is quite exciting research, you will find that people who are excited by that are quite attracted to come. Until you get to that sort of critical mass, there is an element of difficulty in attracting people to an area like ours, shall we say. I do not think that we have seen huge—

[85] **Mr Parry:** May I just add something from the university's point of view? We are obviously aware of the problems, I suppose, of having part of the university within a convergence zone and part of it outside. In a way, it is the same sort of problem that we have been facing for a long time, in that other universities in Wales receive convergence funding but we do not. We have always had that problem. We must manage it best we can. In our dealings with companies, as the paper says, there has been some pressure from external sources to try to encourage us to locate them within the convergence area, but we are able to explain the reasons for it and hopefully offer a package within the university that, while not necessarily totally offsetting the advantages of the convergence funding offers, makes the other possibilities hopefully quite attractive as well.

[86] **Rhodri Morgan:** Mike, if your question is on the back of Jeff's you can come in now.

[87] **Michael German:** Roughly what percentage of the funding for OpTIC Glyndŵr comes from European money?

[88] **Mr Harris:** Do you mean currently or to set it up in the first place?

[89] **Michael German:** Currently and to set it up. It will not need setting up again, so it is really about your current work. How much is it playing a part?

[90] **Mr Harris:** We currently get no funding.

[91] **Michael German:** None at all; so there is no European funding at all going into OpTIC Glyndŵr.

[92] **Mr Harris:** Not that I am aware of.

[93] **Rhodri Morgan:** Could you tell us a little bit more about the European Southern Observatory contract? Despite the name, it is not an institution of the European Union, but a sort of separate treaty body; is that correct?

[94] **Mr Harris:** I believe so, yes.

[95] **Rhodri Morgan:** It is European but it is not a European institution of the European Union.

[96] **Mr Harris:** That is correct.

[97] **Rhodri Morgan:** It is sort of parallel to it, but in a different world.

[98] **Mr Harris:** Yes.

[99] **Rhodri Morgan:** Secondly, in a previous existence I had a very close connection with trying to solve the problems of how a university or, previous to that, a technium in the public sector, could go about bidding in partnership with a private company to build a rather specialist form of industrial production activity. You have highlighted the fact that the initial €5 million order, which you are currently carrying out, could lead to a €200 million order, but that you would not be able to do that in the technium. Paragraph 5.6 says that you would need to gear yourself up to producing four a week for the next six years. That would give you critical mass to go into the production of this type of mirror for other observatories as well.

[100] How does a university, now that the OptIC technium is a subdivision of a university, as distinct from a freestanding not-for-profit institution, engage in industrial production on this scale? Physically, you must go off site in terms of the technium—there is just no room inside the Technium; I have been there many times. It has got small rooms and small units. Winning this contract would be a wonderful achievement, but you must gear up to produce it in a different way. How does a university do that? You would be unique among the universities of the world in being a mirror production plant, albeit mirrors for a scientific, not-for-profit purpose.

[101] **Mr Parry:** Yes, that is the point of it. We cannot really, ourselves, go into manufacturing. One of the whole purposes of the Technium and working with industry is to try to make sure that industry can develop its own small businesses and support the businesses that exist already.

[102] With this particular project we are very fortunate to have very good industrial partners who are able to work with us on this—

[103] **Rhodri Morgan:** That is Zeeco Europe Ltd and Qioptiq Ltd. Qioptiq is the local one and Zeeco is the Leicestershire one, is it?

[104] **Mr Parry:** Yes.

[105] **Mr Harris:** Qioptiq would be the ultimate bidder for the €200 million contract. It would ultimately be the company bidding for the tender. We would then generate revenues for the university through royalty arrangements and licence agreements for the technology being developed within the technium.

[106] **Mr Parry:** There are other applications to which the same sort of technology can be applied, so we are looking at that as well. Having, hopefully, created these mirrors to a very high specification, we are then able to move on and use them in other industries with—

[107] **Rhodri Morgan:** In the optofusion industry. That is a new industry to me; I have never heard of the optofusion industry before.

[108] **Mr Harris:** This is research into laser fusion for energy, which requires very highly polished, high specification surfaces, mirrors, lenses—

[109] **Rhodri Morgan:** That is not just for astronomical purposes.

[110] **Mr Harris:** No, this is for green energy purposes.

10.20 a.m.

[111] **Rhodri Morgan:** Is that solar-powered energy?

[112] **Mr Harris:** No, this is laser fusion. You take very high-powered laser beams and focus them. I am running out of my chemistry knowledge now, but I know that you get more energy out than you put in and that it is all to do with focusing lasers. To do that, you need highly polished surfaces, such as mirrors, lenses and those sorts of things, so that the optic can be applied to the technology that we have developed. That is the next range of industries that we will be targeting, including the astronomical.

[113] We can also bid for satellite-based optics, and there are also a number of other technologies. I will not bore you with them, but there are another two or three that we can apply this technology to. So, it is not a one-trick development project to satisfy one order; this is about establishing a technology that could then be applied to several different industries.

[114] **Jeff Cuthbert:** Laser fusion would generate heat, is that not right?

[115] **Mr Harris:** It generates the heat to drive the turbines, as with cold.

[116] **Rhodri Morgan:** That is cold fusion, is it?

[117] **Mr Harris:** Sort of.

[118] **Rhodri Morgan:** Is that that fake American experiment, which turned out not to be true, with professors at the University of Utah claiming to have produced nuclear fusion but they had not?

[119] **Mr Harris:** I am not sure. I would not like to comment.

[120] **Rhodri Morgan:** Am I right? About seven or eight years ago, there was a huge fuss about whether they had produced fusion in a teacup or something.

[121] **Mr Harris:** There are two very large projects going on. One is called HiPER—high power laser energy research facility—and I have forgotten the name of the other, but both are almost at the design and manufacturing stage.

[122] **Rhodri Morgan:** Fine. Anyway, this is the critical point. The greater the degree of certainty about what happens after 1 January 2014—about the St Asaph area's having continued access to some form of European assistance—the more enormously beneficial to you, because of the long-term planning that is required to build this industry up to a critical mass, as regards the research and development, the ESO contract, which does not finish until close to 2018, and the spin-offs from that.

[123] **Mr Harris:** Absolutely.

[124] **Rhodri Morgan:** That is roughly the guts of this, is it not?

[125] **Mr Parry:** That is correct, yes. We have made progress up to now in establishing and maintaining the cluster, and now we need to—

[126] **Rhodri Morgan:** You do not want the legs being cut off from under it in a remarkably short period of time, in your terms, namely three and a half years, do you?

[127] **Mr Parry:** Yes.

[128] **Mr Harris:** Yes, absolutely. For the university, if I may speak on Andrew's behalf, there are three other technologies that we are extremely interested in focusing on, and we do have expertise in those, so we would like to apply the same business model to those as we did successfully to OpTIC. So, being able to progress from one technology to another technology using the same business model is extremely attractive when trying to develop a science park.

[129] **Rhodri Morgan:** When do you find out whether you would have the contract to build the 1,148 mirrors for ESO?

[130] **Mr Harris:** It will probably be late 2011.

[131] **Rhodri Morgan:** I see. You have got to finish the first contract, pretty much.

[132] **Mr Harris:** We finish the first contract by quarter 2 next year. The key milestone, though, is August when we polish the first one.

[133] **Rhodri Morgan:** When what?

[134] **Mr Harris:** When we polish the first mirror.

[135] **Rhodri Morgan:** Oh, right. Well, the best of luck to you. Are there any other questions?

[136] **Michael German:** For clarity, I just want to ask some further questions. Is what matters most to you the state aid map for north Wales and which areas it covers, rather than the European funding map, which is different but usually contiguous? Could you also tell me, to help me to understand this, which sources of European funding are most relevant to you to be able to do the work and the development that you want to do? Would they be associated with convergence funding or would they be associated with other forms of funding such as research and development, and framework 8?

[137] **Mr Parry:** Again, it depends on the particular aspects, really, because there are so many different parts of the work that we do not—

[138] **Michael German:** No, I was talking in the generality. If you were to write down on a piece of paper what you most want to be able to access more public funding via the European rules, which would they be and why?

[139] **Mr Parry:** Looking into the future and to the development of the science park, I think that the important thing will be the assistance to help with businesses and employment rather than anything to do with the research specifically. The research is useful, but we are developing that anyway, and we could always look for alternative sources of funding, which we continue to do. So, the priorities would be the development of assistance, as that would help businesses, and, following the same example as we had earlier, the development of the building, that is, the infrastructure, as that would allow businesses to work and allow us to apply the research to businesses. So, from our point of view, it does not really matter too much where the assistance comes from. The important thing is for us to have that assistance and to be able to help businesses and for businesses to benefit.

[140] **Michael German:** You have probably answered my question. If you had said that research and development was more important, I would have said that that is not necessarily reliant on the continuation of transitional funding or funding beyond 2013, but if you are looking for support for businesses, two aspects of that are important, namely the state aid and

the continuation of business support through whichever mechanisms the Assembly Government can provide through its use of European funding. Thank you.

[141] **Rhodri Glyn Thomas:** Ymhellach i hynny, yr ydych yn dweud eich bod yn chwilio am gymorth ariannol o Ewrop yn benodol ar gyfer busnesau yn hytrach nag ymchwil a datblygu, ac eto mae ymchwil a datblygu yn rhan annatod o waith y Technium, ac mae arian ar gael o dan raglenni fel fframwaith 7. A ydych wedi gwneud cais am y math hwnnw o gefnogaeth? Beth yw ymwneud y brifysgol a'r Technium â strategaeth 2020 Ewrop o ran sicrhau bod prosiectau ymchwil a datblygu yn mynd i ardaloedd tlawd? A ydych eisiau ymwneud â hynny, neu wedi gwneud?

Rhodri Glyn Thomas: Further to that, you say that you are looking for funding from Europe specifically for business support rather than research and development, and yet, having said that, research and development is an inextricable part of the work of the Technium, and funding is available under such programmes as framework 7. Have you applied for that kind of support? What is the university's and the Technium's involvement in the 2020 European strategy to ensure that certain research and development projects go to poorer areas? Do you want to, or have you done that?

[142] **Mr Parry:** Nid wyf yn dweud nad ydym yn chwilio am arian i gefnogi ymchwil a datblygu, ond mae gan yr ysgol raddedigion sy'n edrych ar ôl yr ymchwil yn y brifysgol. Mae swyddogion yno sy'n edrych i mewn i'r arian ar gyfer ymchwil a datblygu, yn enwedig o Ewrop. Felly, yr ydym yn ymchwilio i bob ffynhonnell bosibl i gael arian ar gyfer y prosiectau gwahanol, ond yr ydym wedi tueddu i feddwl bod gennym fwy o obaith cael arian o Ewrop nag o'r cynghorau ymchwil ym Mhrydain. Y duedd yw i roi'r arian i gyd i brifysgolion traddodiadol, felly mae mwy o obaith i ni yn Ewrop. Yr ydym wedi bod yn eithaf llwyddiannus hyd yn hyn gyda rhai o'r prosiectau, a gallaf anfon y manylion atoch chi. Yr ydym wedi cael peth arian gan Ewrop ar gyfer yr ymchwil, ond yr ydym yn edrych i ddatblygu hynny'n fwy.

Mr Parry: I am not saying that we are not looking for funding to support research and development, but the school has graduates who are responsible for the research within the university. The school has officers who are looking into funding for research and development, particularly from Europe. So, we are looking into all possible sources of funding for the various projects but we have tended to think that we have more hope of accessing funding from Europe than from the research councils in the UK. There is a tendency to award all that funding to traditional universities, and so we feel that we have more hope in Europe. We have been relatively successful to date with some of the projects, and I could send the details to you. We have accessed some European funding for the research, but we are looking to develop that further.

[143] **Rhodri Glyn Thomas:** Beth am strategaeth 2020? A yw honno'n berthnasol? A ydych wedi bod yn ymwneud â hi o gwbl?

Rhodri Glyn Thomas: What about the 2020 strategy? Is that relevant? Have you been involved in that at all?

[144] **Mr Parry:** Yr ydym yn edrych i mewn i hynny, ond nid ydym wedi gwneud llawer o waith arno. Un peth yr ydym wedi bod yn meddwl yn ei gylch dros y chwe mis diwethaf yw sut i ddatblygu hynny'n fwy. Mae'r ochr Ewropeaidd yn arbennig o bwysig a byddwn yn edrych iddi yn y dyfodol agos.

Mr Parry: We are looking into it, but we have not done a great deal of work on it. One thing we have been considering over the past six months is how we can develop that further. The European aspect is extremely important, and we will be looking into that more in the near future.

[145] **Jeff Cuthbert:** This next question flows from Rhodri's question, I think. It relates particularly to your paragraphs 5.5 and 5.7. You make the point in paragraph 5.5 that,

[146] 'the University believes that the aims of Cohesion Policy have not yet been met and that a successor system will be required'.

[147] That is about future funding and, at this time, we do not know whether there will be another round of convergence funding or, indeed, transition funding. We just do not know. We trust that the latter, at least, will be there, but we cannot be positive at this time. Does that mean that you have not got an exit strategy for the existing projects and that they are dependent on further European funding?

10.30 a.m.

[148] **Mr Parry:** Not at all. On the projects that we have at present, the funding that we have got in for the ESO one, which is not specifically associated with the European Union per se, but a separate organisation, is €5 million and we are looking to develop it further to €200 million. For the rest of the projects that we are developing, and the other applications, we are seeking funding from other sources, including, of course, the private sector. Many of the companies that we are working with have themselves invested significantly in the research that is taking place there. So, as things stand at present, we are able to continue without any additional European funding but, to develop in the future and to develop the great potential that we feel exists, such funding would be particularly useful.

[149] **Rhodri Morgan:** I see that there are no further questions. Thank you very much for your evidence this morning. As usual, there will be a draft transcript, which will be sent to you for you to check for accuracy. Thank you very much for your contribution.

[150] Diolch yn fawr iawn am eich cyfraniad y bore yma i'r sesiwn dystiolaeth. Thank you very much for your contribution to the evidence session this morning.

10.32 a.m.

**Cytuniad Lisbon a'r Protocol Sybsidiaredd: Monitor Goblygiadau Sybsidiaredd
Cynigion Deddfwriaethol
Lisbon Treaty and Subsidiarity Protocol: Monitoring Legislative Proposals for
Subsidiarity**

[151] **Rhodri Morgan:** We move on now to item 5, which is our Lisbon treaty and subsidiarity protocol monitoring and how we can monitor legislative proposals for the double subsidiarity, that is, not just subsidiarity relative to the duties of member state parliaments, such as the House of Commons and House of Lords, but the second leg of that, whereby those national parliaments have what is not exactly a crystal clear obligation, but is, I suppose, a form of obligation, under the Lisbon treaty, to consult sub-state Parliaments or legislatures such as us, on matters where we have the lead responsibility rather than the member-state Government.

[152] We have a paper from Keith Bush, the chief legal adviser, which I would like him to comment on, and then we can discuss a way forward.

[153] **Mr Bush:** What I have done is to carry forward the discussion that took place in this committee in February by producing an example of how one can try to identify the pieces of legislation emanating from the European Union that would have the potential for giving rise to subsidiarity issues affecting the Assembly and the Welsh Government. I have set out the methodology in the paper, which is still, I think, a work in progress, and I will come on to that in due course. What I have endeavoured to do is to list the various fields of European Union

competence—the *aqui communautaire*—and to compare those with the Assembly’s potential fields of legislative competence, because, obviously, under Part 3 of the Government of Wales Act 2006, those are still developing, but we are talking about the areas in which, potentially, the Assembly could legislate. There are, of course, only a limited number of fields in which there is a common legislative competence.

[154] I have then gone on to assess the degree to which, even where there is a common legislative competence, there is a possibility of issues of subsidiarity arising. In other words, I have looked at an area, for example, such as transport policy, which is No. 14 in appendix A. I have made the point that there are limits, of course, on the Assembly’s legislative competence, but I have then gone on to make the comment that, in my judgment, it is unlikely that the objectives of any proposed union legislation on transport policy would give rise to subsidiarity issues, because the union is likely to be concerned with cross-border, cross-community issues in relation to transport and, therefore, it is unlikely that the objectives of such legislation could be achieved at a Wales level.

[155] Having done that, a hierarchy emerges of those fields in which there is at least a potential for subsidiarity issues to arise and I have further distinguished between those where the potential appears to be relatively high and those where it appears to be relatively low. At the end of the paper, I produce two lists: one is a list of fields based on the community classification of areas of competence where there is a relatively high potential for subsidiarity issues to arise, and the other is where the potential is somewhat lower. Therefore, the first list—at least it seems this way to me—could form the basis for a checklist against which our colleagues in the UK Parliament could decide whether a particular piece of legislation is appropriate to consult with the Assembly formally on. I stress that we are concerned with issues of subsidiarity, which is a different issue from whether an area of legislation is of general importance to Wales and to the Assembly; it is only where the question arises as to whether or not the Assembly could, by legislation, fulfil the objective in question that a topic appears in this list. So it is not, as it were, a value judgment as to the importance of the subject, but only a narrow focus on whether or not the concept of subsidiarity might be relevant to legislation in that area.

[156] The final point is that because, as I said, it is a work in progress, and, of course, the whole issue of involvement of national or state Parliaments and sub-national Parliaments and legislatures in European legislation is such a new one, I would hesitate to suggest that this is anywhere near the finishing point of the process. If the committee feels that this is a valuable approach, my advice would be that the next step would be to consult with our colleagues at Westminster to see whether they have any comments on the methodology and, above all, whether they would see this kind of approach as useful in enabling the subsidiarity consultation process to be effective.

[157] **Rhodri Morgan:** There are two things that I want to say to the committee at this point. The clerk and her Scottish opposite number are meeting the House of Lords Clerks on 28 April, next week, to look at the working practices of the House of Lords European Union Select Committee—the committee does the scrutiny of pretty much all European legislation anyway—and then how they are going to distinguish between those things that have a subsidiarity potential and those which do not, as part of their work. You mentioned, Keith, that it is very early days in the life of the Lisbon treaty and both Houses of Parliament are still adjusting to it. There is no commonality of approach between the House of Lords and the House of Commons European Committees; I got a very clear impression that they have a completely different view on how to do the job. So I have spoken at length to Mick Connarty, the chair of the European Scrutiny Committee of the House of Commons and Lara will speak to the clerk of the House of Lords Committee and will report back on that.

10.40 a.m.

[158] I have also spoken to our Presiding Officer about an interim device that he and I think might get the approval of this committee. The European Commission's approach, which not to do with the Lisbon Treaty now, as this consultation was decided on beforehand, was to refer matters to the United Kingdom Government and all member-state Governments, after which the UK Government then makes a judgment as to whether to consult the Scottish Executive, the Assembly Government, and the Northern Ireland Executive—not the Parliaments; that is the new thing that the Lisbon Treaty has brought in. So, we know, when there is a draft piece of legislation, whether the UK Government takes the view that there is a devolved angle to it. Some of those devolved angles will involve all three, some will involve two, while some will involve just one, and while I do not think there is anything that is devolved to Wales that has not been devolved to Scotland and Northern Ireland, there are some things that have been devolved to either Scotland or Northern Ireland that are not devolved to the other two. However, they consult the Assembly Government on certain matters, Government to Government. If the UK Government has adjudicated that something has a devolved angle and it consults the Assembly on it, we thought it might be an idea, as an interim measure, for us to be notified of that, too, which means that we will have a very quick and dirty method of deciding whether there is a devolved angle and a potential subsidiarity angle to the matter because we will know that it is devolved and we will know that the Assembly Government is being consulted on whether this legislation is something that is likely to pop up. We will therefore have the ability within the next eight weeks to then say, 'Aha, we think this has got a potential subsidiarity Lisbon Treaty monitoring angle for this committee', for it to then put its views to the two committees at Westminster. That has potential as an interim device, and I need to put before you because the Presiding Officer and I thought it would at least get us off the ground, double-quick, if we can get the Assembly Government to agree to do that.

[159] **Michael German:** Can I just check on the timescales for when the Welsh Assembly Government is informed? There are two timescales, are there not? For the subsidiarity check, there is a parliamentary check, which offers a window of opportunity. Does the Welsh Assembly Government get its call from the UK Government earlier than that window or during the window?

[160] **Rhodri Morgan:** I think that it is simultaneous, but we could check that with the First Minister when he comes before us in a fortnight.

[161] **Michael German:** Yes. It would work if the Assembly was prepared to send them on to us immediately. The only thing that we would then have to worry about is who makes the judgment call back in the UK Government as to whether it is relevant or not.

[162] **Rhodri Morgan:** That is right. I do not think that there is any evidence that they hog things that are appropriate to be consulted on, but if we had any evidence that they were hogging things and not passing them on then, we would have to take a different view. The idea is a quick and dirty initial approach to this before we come to any final decision.

[163] **Michael German:** I think that it is a very good approach, but I just wondered about something. I may have got this wrong, but the judgment call in London is one of, 'If it is thought to have subsidiarity issues then pass it on', which means that we probably would get far more coming our way than we would get if we apply Keith's list, but I do not know. We have asked this question in the committee report, and the response from the Assembly Government came back as, 'Hundreds'. I do not know whether that is true or not; I have no idea what the number is in an average year.

[164] **Rhodri Morgan:** No. That is right. There are different views between the House of Lords and the House of Commons. On subsidiarity monitoring, Mick Connarty takes the view

that for the UK—not the devolved states—it would be very rarely called in. He would be quite surprised if there were half a dozen a year. That may be just his view, I do not know; the House of Lords may take a different view.

[165] **Michael German:** It is the number that you have to read in order to make the judgment. It would be useful to know how many the UK Government sends on an average year to the Welsh Assembly Government.

[166] **Rhodri Morgan:** Indeed, and we can ask the First Minister that as well. All right? Are there any other questions?

[167] **Michael German:** I have one last question for Keith. How far would your list under appendix A and parts 1 and 2 under appendix B have to alter if Schedule 7 were in place; not very much?

[168] **Mr Bush:** Not at all, because I have not, as it were, taken into account the limited extent of legislative competence at the moment under Part 3 of the Act. What I have done is to identify the field and compare that with the field of European Union competence.

[169] **Rhodri Morgan:** Okay, but the import thing is that we obviate setting up a very large bureaucratic apparatus. I hate to look for needles in haystacks when they are not there, and if somebody else has already done the bulk of that work elsewhere, that is the key thing for us, so long as we are satisfied that that is not going to lead us to neglect a topic that, if we had spotted it, we could have done something about during this eight-week window.

[170] **Michael German:** As you know, before you were appointed Chair to the committee, I substituted for you at a meeting of the devolved administrations with the House of Commons Committee Chair and the House of Lords Chair. The House of Lords Chair said that, in his view, if there is a sniff of any subsidiarity, he will send it our way. In other words, he will err on the side of—

[171] **Rhodri Morgan:** Yes. That is probably what you will have to have.

[172] **Michael German:** Yes. I am looking at Keith and Gwyn because, of course, we will have then a large number coming our way. That is the problem; it will be several hundreds.

[173] **Rhodri Morgan:** The clerk will have to report back to us on what she and her Scottish opposite number will find out next week on what the clerks of the House of Lords think of that.

[174] **Michael German:** It really is a number issue, is it not? How can we filter down the number to make it manageable?

[175] **Rhodri Morgan:** Yes. All right.

[176] Diolch yn fawr, Keith a Gwyn. Thank you, Keith and Gwyn.

10.47 a.m.

Y Gronfa Ewropeaidd ar gyfer Addasu i Effeithiau Globaleiddio European Global Adjustment Fund

[177] **Rhodri Morgan:** This is time 6 on the agenda, and pretty much the last item of substantive business this morning. This is one of those weird and wonderful initiatives, and we discussed whether and why the United Kingdom was not appearing to get anything out of

it, whereas other countries have. When you read the rules of the globalisation adjustment fund, they seem almost designed to make it impossible to apply for it, but other countries have found their way around it while nobody in the UK has, yet. We did think that perhaps Bosch and Anglesey Aluminium, or possibly a combination of Anglesey Aluminium and Novelis—Alcan as was—in Rogerstone in the aluminium industry and other might qualify. How is that other countries somehow found it possible to get through the unbelievable Hampton Court maze of exclusions and regulations that make it impossible for everyone else?

[178] At first sight, when you read of 1,000 redundancies over a period of nine months, you think, no, we have not had 1,000 redundancies over a nine-month period in any one particular plant, but we might have done in an industry. The other countries, however, have found ways around this, and we have not. This is the story of Britain's membership of the EU over the last 30 years, in which we look at the rules and we go, 'My God, we can't apply', while other people look at the rules and they say, 'Yes, we are blankety blank—expletive deleted—well going to apply and find a way round the rules'.

[179] **Michael German:** I just wonder if the clue in this is the fact that it is a number of redundancies among suppliers, downstream workers and so on. In other words, we take the sector as a whole. If you look down at the figure of 1,000, and then you look at the table that is given, a substantial number of people seem to have got in with under 1,000, so there must be a route through this.

[180] **Rhodri Morgan:** Yes. There is a wrinkle here somewhere. We in the UK have not found it, but other countries have. Why is that? Do we just need to be more determined and kick up more of a fuss? I will just ask Gregg to comment on that initial comment first, and then I will bring in Jeff and Rhodri Glyn.

[181] **Mr Jones:** Thanks, Chair. I just wanted to clarify one point on the eligibility. The rules were changed in 2009 in response to the financial economic crisis and as part of the European concerted recovery plan. So, the actual numbers have been reduced from 1,000 to 500 redundancies, and that came into effect on 1 May 2009. I think that that was reflected in the number of applications, because the total number of applications, as you will see in section 4 of the paper, is 54 as of March this year. Prior to that, on 1 May 2009, I think that the figure was 18. So, there has been a substantial increase since the rules were changed, but still no UK application prior to or after the changes of the rules.

10.50 a.m.

[182] **Jeff Cuthbert:** It is just this issue of why there have been no applications. Is it the case that they genuinely felt that any application from here would be outside the rules and therefore just not done it? Have they just made an assumption that that is the case and therefore not pursued it because they did not think that it was worthwhile? I do not know how confidential the applications are but, if they are in the public domain, would it be possible for us to get hold of, for example, the applications from Ireland? I see that one application was made for Waterford Crystal. Could we possibly have a look at that application, to see whether it could be applied to the examples that we have here? I do not know if that is possible; it might be useful.

[183] **Rhodri Morgan:** Gregg, can you hack into their computer or whatever, legally? [*Laughter.*] Gwyn, advise him on the legalities of doing that. I am sure that that would be useful.

[184] **Jeff Cuthbert:** If it is not legal, we will not minute it.

[185] **Rhodri Morgan:** Rhodri Glyn, did you want to come in?

[186] **Rhodri Glyn Thomas:** No, Gregg has covered the point about the change in the rules. It does seem surprising, given that change, that there has been no application from the UK.

[187] **Rhodri Morgan:** Yes. We can raise that point with the First Minister, certainly and we can make suitable inquiries. We can write a formal letter to the First Minister over the next few days so that he knows that we will be putting the question to him. We could also copy that to the two officials in the Department for Work and Pensions who are referred to here, Liz Tillett and Simon Smith. Perhaps we should add Rogerstone, because what I have noticed is that sometimes you can bring in a sector. I know that it is aluminium smelting in Anglesey and aluminium rolling in Rogerstone, but you could say that it is the same industry. Is that the kind of creative thinking that civil servants in other countries would use and that we have not used in the UK because we are nervous about it, and we do not want to waste people's time? We read the rule book with a view to what is excluded rather than to find creative ways of gluing things together to meet the criteria. It seems to me that, if they know there has not been an application from the UK, they would be quite glad to get one because they will think, 'Yes, fine; this is the first one from the UK, so give it a bit of a fair wind if you can, without breaching the laws'.

[188] **Jeff Cuthbert:** Waterford Crystal has 596 people.

[189] **Michael German:** That is a very specific one, but if you look at Steiermark-Niederösterreich, it is basic metals. That would cover steel and copper.

[190] **Rhodri Morgan:** Yes, indeed. That would enable you to do your Rogerstone plus your Anglesey Aluminium to give you 1,000 employees, with the supply chain, I am sure. We will make further inquiries on that.

[191] I think that that brings us to the end of this morning's proceedings. There are papers to note of the Brussels meeting and the minutes. Does anybody have any problems with the minutes? I see that no-one does.

[192] Bydd y cyfarfod nesaf ar 4 Mai. The next meeting will be on 4 May. Thank
Diolch yn fawr am eich presenoldeb. you very much for your attendance.

[193] I declare the meeting closed.

*Daeth y cyfarfod i ben am 10.54 a.m.
The meeting ended at 10.54 a.m.*