



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

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

**Dydd Mawrth, 4 Mai 2010
Tuesday, 4 May 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

Nick Bourne	Ceidwadwyr Cymreig Welsh Conservatives
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

Gary Davies	Pennaeth Is-adran Materion Ewropeaidd ac Allanol, Llywodraeth Cynulliad Cymru Head of European and External Affairs Division, Welsh Assembly Government
Professor Richard B Davies	Is-ganghellor, Prifysgol Abertawe Vice-chancellor, Swansea University
Carwyn Jones	Aelod Cynulliad, Llafur (y Prif Weinidog) Assembly Member, Labour (the First Minister)
Andy Klom	Pennaeth Swyddfa'r Comisiwn Ewropeaidd yng Nghymru Head of the European Commission Office in Wales
Chris Miles	Dirprwy Bennaeth Ysgrifenyddiaeth Polisi'r UE, Llywodraeth Cynulliad Cymru Deputy Head of EU Policy Secretariat, Welsh Assembly Government
Jan Nielsen	Pennaeth Gwasanaeth Trosglwyddo Gwybodaeth, Prifysgol Abertawe Head of Knowledge Transfer Services, Swansea University

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

Jonathan Baxter	Gwasanaeth Ymchwil yr Aelodau Members' Research Service
Lara Date	Clerc Clerk
Sarita Marshall	Dirprwy Glerc Deputy Clerk

Dechreuodd y cyfarfod am 9.15 a.m.
The meeting began at 9.15 a.m.

Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introduction, Apologies and Substitutions

[1] **Rhodri Morgan:** Hoffwn groesawu Aelodau, swyddogion a phawb yn yr oriel gyhoeddus—er nad wyf yn gweld unrhyw un yno—i'r cyfarfod hwn. **Rhodri Morgan:** I welcome Members, officials, and everyone in the public gallery—although I do not see anyone there—to this meeting.

[2] Headsets are available to hear the interpretation and to amplify the audio. The interpretation is on channel 1 and the amplified audio is on channel 0. Everyone, including me, should ensure that their mobile phones are switched off, as they interfere with the sound equipment. In the event of an emergency, an alarm will sound and the ushers will direct everyone to the nearest safe exit and assembly point.

[3] We are not aware of any apologies. Is anyone other than Nick Bourne not here at the moment? I see that everyone else is present.

[4] I ask Members to make any relevant declarations of interest under Standing Order No. 31.6. I see that there are none.

9.16 a.m.

Cynnig Trefniadol Procedural Motion

[5] **Rhodri Morgan:** I move that

the committee resolves to exclude the public from item 2 of the meeting in accordance with Standing Order No. 10.37(vi).

[6] Are we all agreed—or VI, as we used to say in school? I see that the committee is in agreement.

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 9.16 a.m.
The public part of the meeting ended at 9.16 a.m.*

*Ailymgynullodd y pwyllgor yn gyhoeddus am 9.29 a.m.
The committee reconvened in public at 9.29 a.m.*

Prif Weinidog Cymru: Datblygiadau yn yr UE a Blaenoriaethau Llywodraeth Cymru The First Minister for Wales: EU Developments and Welsh Government Priorities

[7] **Rhodri Morgan:** Croeso yn ôl i'r sesiwn gyhoeddus a chroeso arbennig i Brif Weinidog y Cynulliad a'i dîm, sef Gary Davies, ac nid Des Clifford, ond Chris Miles. **Rhodri Morgan:** I welcome you back to the public session and a particularly warm welcome to the First Minister of the Assembly and his team, namely Gary Davies, and not Des Clifford, but Chris Miles.

[8] Thank you for coming this morning to present your paper and to answer questions. I think that the invitation was issued by my predecessor, Sandy, but I am pleased that you are here this morning to present your paper and to answer questions. I now hand over to you, Carwyn.

[9] **The First Minister (Carwyn Jones):** Thank you, Chair. Members already have a copy of the paper that I circulated, which details the events and the developments at EU level that have taken place since I took office. The paper also details the meetings that I have had,

for instance with the new commissioner for regional policy, Johannes Hahn, which took place some months ago now; it was one of the first things that I did. You will also see a list of international events that have taken place, some of which I have attended. Others have been organised and attended by officials.

9.30 a.m.

[10] On the issues that we are working on at a European level, one issue that the committee will understand as being important is that of cohesion policy, particularly with regard to whether, post 2013, there will be a convergence-style funding stream in place that will be available to member states that are not the new member states. You will be aware that, before Christmas, there was some discussion as to whether member states such as the UK would be able to access such funding in future. The danger, as presented to us, has lessened somewhat. There was a fairly lukewarm response to that leaked paper. Our priorities are therefore to ensure that, post 2013, Wales continues to receive funding in one shape or form.

[11] As far as convergence funding is concerned, what is important with regard to west Wales and the Valleys is that we get some kind of transitional funding at least. The worst outcome would be to move from convergence funding to nothing in an extremely short space of time without having a soft landing, as it were. That has not happened before in the history of EU funding, and our view is that it should not happen now. It must be said that our aim would be to ensure that west Wales and the Valleys does not qualify for convergence funding or its successor in the future, because we want to ensure that GDP per head increases in that area. However, we also want to ensure that transitional funding is available so that we do not end up in a situation where there is a sudden gap. Going back some years, in other parts of the EU where structural funds have been made available, the practice has always been to ensure that there is a transitional period during which programmes can be taken forward rather than stopped in their tracks. So, that is our priority at the moment.

[12] We also want to ensure that, outside west Wales and the Valleys, we look at an extension of competitiveness funding, building on the back of the old Objective 2 funding to ensure that there is also an element of structural funding available for those parts of Wales. Those are the major issues that we are focusing on at the moment.

[13] There are other issues of course, such as the common agricultural policy, which is always a candidate for reform. That reform never happens to any great extent, but it is something that I would be more than happy to discuss with the committee. As I said, our main focus at the moment involves ensuring that Wales's voice is heard with regard to the future of cohesion funding.

[14] **Rhodri Morgan:** I will ask a few questions first and I will then throw it open. I will call Rhodri Glyn, then Jeff, Nick and Mike.

[15] I do not want the issue of cohesion policy to completely dominate this morning's meeting, but it is inevitable that we start with it. This committee travelled to Brussels during that peculiar period when all the commissioners had been appointed and knew what their jobs were, but had not really got their feet under the table. However, two things struck me about the picture that was presented to us of the new relevant commissioners—Commissioner Hahn in regional affairs and Commissioner Andor in social policy, who are from the neighbouring, once unified, countries of Austria and Hungary. There seemed to be quite a bit of tension between the two being seen in prospect, and of course the two have to work in harmony for regional policy to be delivered. The first thing that struck me was that, having been heavily involved in Vienna politics, Hahn came from a school of thought that the big cities of Europe, such as Vienna, London and Paris, that are outside the regional development west-Wales-and-the-Valleys-type category should, nevertheless, get a piece of the action. It has been a

campaign in the big cities of Europe for a very long time, and he was very much part of that campaign prior to taking up this job. Obviously, the more money that goes to the cities, the less there is for west Wales and the Valleys and equivalent areas. Do you have any thoughts on that?

[16] The second thing that struck me was that Commissioner Andor was making a bit of a bid for social policy and the social fund, being far older than the regional fund, ceasing to be seen as an ancillary activity of the regional affairs commission, in which they provide the skills side of things, but to an agenda set by the regional affairs commissioner, and the idea that, since the social fund goes back decades before the regional fund, it should have more of an independent say and should be setting the skills agenda, without always having to kowtow to the superior status of the regional affairs agenda. That could also cause a difficulty: if you are going to be spending your social affairs money wherever there are skills shortages in Europe, it means that there will be less focus on the cohesion fund areas. What is your view of the latest developments?

[17] **The First Minister:** When I met Johannes Hahn, I did not get the impression that he was looking to divert some of the present convergence funding to some of the bigger cities. From the meeting that I had with him, it was quite clear that the idea of reserving the highest level of structural funds for the poorest states was something that seemed to be off the table, in the light of points that had been made by you, in fact, Chair, namely, that there are, within member states, areas of comparative poverty, and that simply looking at structural funds on a member state basis would be artificial. I think that the danger of that has passed. With these things, it is very difficult to predict what the final outcome of a debate might be.

[18] I am troubled by the suggestion that somehow there might be a robust debate between the social side of the European Commission and the economic side of the European Commission. My view is that you cannot divorce social and economic policy; they are one and the same. For example, ReAct is funded through the European social fund, yet it also clearly has an economic basis. Surely, the more economic activity that you get, the easier it becomes to promote social cohesion, so I would want to see them work together. However, as I said, it is very difficult to predict how that debate might go or where it will end up. From our point of view, we will continue to put Wales's case and look to ensure that Wales gets the highest level of funding that it can qualify for, post-2013.

[19] **Rhodri Morgan:** Thank you. We will now have questions from Rhodri Glyn, Jeff, Nick and Mike.

[20] **Rhodri Glyn Thomas:** Nid yw'r **Rhodri Glyn Thomas:** The questions that I cwestiynau sydd gennyf yn ymwneud â have do not relate to cohesion. chydlyniant.

[21] **Rhodri Morgan:** Let me put it this way: does anyone else want to ask questions on cohesion? We can then come back to Rhodri Glyn; that would be more coherent, would it not? Jeff can go first.

[22] **Jeff Cuthbert:** Thank you, Chair. You have covered a fair chunk of this, so we do not have to go over it again. It is absolutely right to say that transitional funding is to be made available for convergence areas post-2013, although spend will continue until the end of 2015. You will be aware, First Minister, that the programme monitoring committee is also charged with some additional work in considering the activities on which that money might be best spent. That work is ongoing. Indeed, in two weeks' time, I believe that I will be chairing the PMC, so I will be here for the start of the next meeting of this committee, I will then go to the PMC and then I will come back here. At that meeting, we will hear about the work of the PMC in that regard.

[23] Is WAG considering any areas where transitional funding might be spent? Perhaps it is too early for that and WAG is just soliciting ideas. We also have issues relating to the Eurostat figures. Taking that one year in isolation, the figures suggest that there is a theoretical possibility that we could qualify for convergence funding, or whatever it might be called, once again. We also have a letter from the Deputy First Minister that does point out, with great caution, the problems with taking that too literally. I understand and accept those points. Essentially, I am asking whether there are any thoughts at this stage on how transitional funding may be allocated and the types of projects being considered. We would presumably stick with a Lisbon agenda type of approach. Also, do you have any further comments on those Eurostat figures?

[24] **The First Minister:** The first thing that we have to remember is that Eurostat itself advises that small changes, such as changes of two percentage points, should not be interpreted as significant. We need to look at gross domestic product not as a snapshot, but more as a trend. The figures that we have so far, for GDP per head and gross value added, are estimates.

9.40 a.m.

[25] There will be a firmer GDP figure available, but not until February 2012. That will follow the trend over a number of years. What we do at the moment is to look at estimates of GDP and GVA per head, and we have gross domestic household income per head as another measure, but as for the transitional funding and what it might be used for, we will not know until we have a better idea of what the rules are, and what we will qualify for. I can give you a rough indication of the timetable. In September of this year, we expect the Commission to present the EU budget review White Paper, and in 2011 we expect the Commission to table proposals for the EU's next financial framework. Member-state agreement would be needed in 2012, roughly, and in 2013 there would then be the interinstitutional agreement that would set the financial structure from that time onwards. At the moment, all we are getting are indications, some of which come through leaked papers, as you know, and it would be difficult to say what could be done with transitional funding at this stage, but we will have a better idea by the end of this year, and certainly by next year.

[26] **Rhodri Morgan:** Were either Mike or Nick's questions on this topic?

[27] **Michael German:** Mine is on rural development.

[28] **Rhodri Morgan:** Do not ask that, then. I have one more on cohesion, and then we will open up the discussion to the other topics.

[29] **Michael German:** These Eurostat figures are a tight little world. From the letter that Ieuan Wyn Jones sent us on the purchasing power standard—the PPS—it seems to me that the crucial element is the link with the exchange rate mechanism. Do you have any more evidence that the exchange rate at that time was primarily the reason why the average for GDP per head fell below 75 per cent? Is it more likely that other factors made that happen? Do we know any more about that? It might be an area that we need to keep an eye on.

[30] **The First Minister:** I cannot estimate which factors might have caused the new GDP figures. The difficulty in using GDP or GVA per head when it comes to west Wales and the Valleys is that a substantial number of the people who live in that area work outside it. If you look at areas that have received funding in the past, and particularly Objective 1 funding—Cornwall, Merseyside, South Yorkshire—there generally has not been a large centre outside those regions that people have travelled to in order to work. However, people who live in west Wales and the Valleys—an area that includes Taff's Well—and work in Cardiff,

statistically drain the GDP of west Wales and the Valleys and add to the GDP of Cardiff. It is therefore not an accurate way of measuring comparative wealth in west Wales the Valleys, because, under GDP and GVA, these people add to the GDP of Cardiff but are regarded as economically inactive in west Wales and the Valleys, which drags down the overall percentage in that area.

[31] A better way of measuring the actual progress of convergence funding, to my mind, is gross domestic household income. That shows an increase and that convergence funding has had a beneficial effect on the area. It can be difficult to present a true picture of GDP per head when you have a large centre of employment just outside the boundary of a convergence funding area. If large numbers of jobs are created in Cardiff, and they attract people from the lower Valleys, the effect can be a drop in the GDP figure for west Wales and the Valleys. There are a number of factors that are unique to west Wales and the Valleys that make it difficult to measure progress in UK terms, if I can put it generally, purely by looking at GDP or GVA per head.

[32] **Rhodri Morgan:** I have one last question on this, and then I will go back to Rhodri Glyn for the non-convergence part of this morning's discussion. The figures that have perplexed everyone are the new 2007 figures—they are new, even though they refer to a period three years ago. They show a drop of 3.6 per cent in the GDP per head for the United Kingdom as a whole in a single year from 2006 to 2007. That was prior to the devaluation of sterling relative to the euro, so the figures are not that closely affected by currency value impacting on purchasing power. There was a 3.6 per cent drop for the UK, and a 3.5 per cent drop for west Wales and the Valleys, so it is either some sort of statistical blip or some huge drop in relative GDP and/or in GDP-population-related shift in one single year. So, that is one question: why and how could that have happened in advance of the big drop in the value of sterling, relative to the euro, which occurred in 2008 and has been sustained into 2009 and this year?

[33] In Brussels, we heard from people representing some of the east German Länder about the east German attitude to GDP per head, namely that you need to keep it as low as you possibly can in order to preserve your access to convergence funding in the future. They quoted an example—although I do not see how it is relevant, because it was not a regional figure, but a city region figure for Dresden—in which somehow, the city authorities of Dresden in the relevant years have managed suddenly to suppress the figure for GVA per head in order to maintain their access to convergence funding. As soon as the relevant years were over, it had gone back up to what it was before, at 2 or 3 percentage points higher. That is a different philosophy. In other words, be crafty about it and try to keep the GVA per head if there are ways of doing it—we still have not found out how on earth Dresden could do that, but it has.

[34] You are saying that you do not share that east German attitude, namely that it is much better to find any way you possibly can to get the GVA per head to be low enough to qualify, because it looks as though we will be on a knife edge of being just over or just under 75. If they find that this funny 2007 figure is a statistical blip, it will still be around the 75 mark. However, you are saying that the ambition is to qualify for transition funding and not for convergence funding, regardless of any little stratagems that are available that the east Germans may have perfected or not.

[35] **The First Minister:** I do not know, Chair, whether you are inviting me to massage the figures at this stage. First, it is difficult to manipulate the figures in that way. I should emphasise that I discussed with Commissioner Hahn whether there would be any suggestion of using a measure other than GVA or GDP per head in the future to see whether a particular region would qualify for structural funds. It is clear that they do not plan to do that. They are not looking at gross domestic household income; they are keen to stay with the current

measures of GDP and GVA.

[36] On the latest Eurostat figures, the caveat is that these are figures for one year; it is very difficult to predict a trend over the course of one year. For example, I could say that the drop in GDP in the UK has been higher than in west Wales and the Valleys and that, therefore, convergence funding is having an effect, but I think that it is important to look at the figures over at least two or three years to understand what that trend is. One year could throw up a statistical anomaly, so it is important to look at the figure over two or three years.

[37] You asked me particularly about whether we should look to qualify for convergence funding post-2013. My view is that we should not look to do that. The point about convergence funding is to ensure that the region that gets convergence funding reaches a point at which it no longer qualifies because it has improved its economic performance and its GDP. So, we have to aim to be in a position where we no longer qualify. That has to be the ambition, but having said that, it is exceptionally important that transition funding is in place to ensure that the improvements that we would see as a result of convergence funding are not then destroyed by a lack of transitional funding.

[38] **Rhodri Glyn Thomas:** Sylwais ar yr ystod eang o ddiwyddiadau i ddathlu Dydd Gŵyl Dewi, ac y mae'n amlwg eu bod wedi'u hanelu at gynulleidfaoedd targed mewn gwahanol fannau o'r byd. Deuaf yn ôl at y derbyniad yn Barcelona, am fy mod i am ofyn cwestiwn cyffredinol. Nid yw Llywodraeth Cymru yn cynnal gweithgaredd penodol yng Nghymru i ddathlu Dydd Gŵyl Dewi. Yr wyf yn nodi'r ddau ddiwyddiad yn y gogledd a'r de ar gyfer myfyrwyr rhyngwladol, ond nid yw Llywodraeth Cymru yn noddi digwyddiad yng Nghymru ar 1 Mawrth, er bod gorymdaith ar y dyddiad hwnnw ac er bod rhywfaint o gydweithrediad rhwng trefnyddion yr orymdaith a swyddfa'r Llywydd. Fel Prif Weinidog, a ydych wedi rhoi unrhyw ystyriaeth i gynnal digwyddiad i ddathlu Dydd Gŵyl Dewi ym mae Caerdydd?

Rhodri Glyn Thomas: I noted the wide range of events to celebrate St David's Day, and it is clear that they were aimed at target audiences in various parts of the world. I will come back to the reception in Barcelona, because I wanted to ask a general question. The Welsh Government does not organise a specific activity in Wales to celebrate St David's Day. I note the two events in the north and south for international students, but the Welsh Government does not sponsor an event in Wales on 1 March, despite the fact that there is a parade on that date and the fact that there is a degree of co-operation between the organisers of the march and the Presiding Officer's office. As First Minister, have you given any consideration to holding an event to celebrate St David's Day in Cardiff bay?

9.50 a.m.

[39] **Y Prif Weinidog:** Mae hwn yn rhywbeth yr wyf yn ei ystyried erbyn y flwyddyn nesaf. Mae'n bwysig sicrhau bod gennym ryw fath o ddiwyddiad nad yw'n costio gormod, o ystyried yr amgylchiadau ar hyn o bryd. Dylem hefyd sicrhau bod unrhyw ddiwyddiad yn gynhwysol, bod y cyhoedd yn rhan ohono a'i fod yn ddiwyddiad nad yw ond i bobl sy'n gweddu i'r diffiniad o grachach. Mae'n bwysig ei fod yn ddiwyddiad i'r werin, ac nid dim ond i'r bobl sydd yn rhan o fywyd gwleidyddol cyhoeddus Cymru. Felly, mae gwaith yn cael ei wneud ar hyn o bryd er mwyn gweld pa fath o ddiwyddiad a fyddai'n briodol y

The First Minister: This is something that I am looking at for next year. It is important to ensure that we have some event which does not cost too much, considering our current circumstances. We should also ensure that any event is inclusive, that the public is part of it and that the event is not only for people who would conform to the definition of crachach. It is important that it is an event for the people, and not only for those who are a part of Welsh political public life. So, work is under way to see what kind of event would be appropriate next year, because it is important to have some kind of event in Wales and abroad.

flwyddyn nesaf, achos mae'n bwysig cael rhyw fath o ddigwyddiad yng Nghymru a thramor.

[40] **Rhodri Glyn Thomas:** Diolch yn fawr iawn am hynny. I droi at y derbyniad yn Barcelona, mae cymariaethau parhaus yn cael eu gwneud rhwng Cymru â Chatalwnia oherwydd bod llawer yn gyffredin rhyngddynt. Yr ydych yn nodi rhai o'r mudiadau a sefydliadau a gynrychiolwyd yn y derbyniad. A allwch ddweud ychydig mwy wrthym am y gwaith sy'n cael ei wneud gyda Chatalwnia er mwyn hyrwyddo'r berthynas a manteisio ar rai o'r pethau sydd wedi digwydd yng Nghatalwnia lle maent ar y blaen i ni? Mae rhai meysydd lle yr ydym ar y blaen i Gatalwnia, a dyna fyddai sail y bartneriaeth. A allwch roi amcan inni o'r gwaith sy'n cael ei wneud rhwng Llywodraeth Cymru a Chatalwnia?

Rhodri Glyn Thomas: Thank you very much for that. Turning to the reception in Barcelona, comparisons are constantly made between Wales and Catalonia as they have so much in common. You note some of the organisations and institutions that were represented at the reception. Can you say a little more about the work that is being done with Catalonia to promote the relationship and to take advantage of some of the things that are happening in Catalonia where they are ahead of the game to us? There are some areas where we are ahead of the game to Catalonia, and that will be the basis of the relationship. Can you give us some idea of the work that is being undertaken between the Welsh Government and Catalonia?

[41] **Y Prif Weinidog:** Gofynnaf i Gary ddweud beth sydd wedi digwydd ar ôl y derbyniad yng Nghatalwnia. Nid oes swyddfa gennym yng Nghatalwnia, ac y mae hynny yn rhywbeth y dylem ei ystyried i'r dyfodol. Mae creu perthnasau â gwahanol ranbarthau yn Ewrop yn bwysig iawn inni. Mae gennym berthynas dda â Gwlad y Basg a chyda rhai o'r rhanbarthau a oedd yn cael eu hystyried ar un adeg yn rhanbarthau modur yn Ewrop. Gofynnaf i Gary roi mwy o fanylion ynglŷn â'r sefyllfa gyda Chatalwnia.

The First Minister: I will ask Gary to come in on what has happened since the reception in Catalonia. We do not have an office in Catalonia, and that is something that we should consider for the future. Establishing relations with different European regions is very important to us. We have a good relationship with the Basque country and with some of the regions that were once considered to be European motor regions. I will ask Gary to give more detail about the situation with Catalonia.

[42] **Mr Davies:** As you might know, we have a memorandum of understanding with Catalunya going back to the early 1990s. During that time, our relationship has seen ebbs and flows. It started off very productive and with a lot of activity, but then it waned. More recently, since the new Government came in there, we have seen a lot more interest from the authorities in Catalunya in rejuvenating the relationship with Wales. As the First Minister said, we do not have an office in Barcelona, but someone from our education department is based out there and is very active. We have seen a lot of activity in the education field. For example, Catalunya is a member of the European Association of Regional and Local Authorities for Lifelong Learning. We also work with Catalunya in the context of regions with legislative power, and we work with it on the minority languages issue in the European Union. We are now looking to see whether we can refresh that relationship to take advantage of the new enthusiasm and appetite in Catalunya for working with Wales, particularly on the trade investment side and on the cultural side.

[43] **Nick Bourne:** My first question relates to St David's week, although on a slightly different point to Rhodri Glyn's. I found the report on St David's Day and the events centred on it very useful, but can we have feedback on the promotion of exports and trading agreements in relation to the activities in India and China that are referred to in the report, because lasting trading agreements and international co-operation in those two countries in particular are vital? That is just a request for information, or a follow-up, perhaps.

[44] My second question relates to the common agricultural policy rather than cohesion funding. In the report, you mention working with other devolved administrations and the UK Government on the future of the budget. Can you give us more insight as to where that is going from the UK perspective and whether Wales differs from that? May I make a third point? I apologise, because it is on cohesion funding, but it came up right at the end. I fully understand the First Minister's point about not wanting to qualify by raising the GDP levels of people in west Wales and the Valleys. However, there is a slightly different issue: I hope that we are not strenuously trying to change the rules so that we do not qualify, because it seems to me that, although they may be a bit quirky, at the moment, the rules are working to our advantage. That is just an afterthought.

[45] **The First Minister:** We would not want to change the rules to our detriment. I think I made that clear.

[46] **Nick Bourne:** I am relieved, because I thought that there was a suggestion that—

[47] **The First Minister:** It is a temptation to do it the other way, but no.

[48] **Nick Bourne:** I am reassured. You referred to the quirk, but as long as we just regard it as a quirk and say nothing, that is great.

[49] **The First Minister:** I certainly would not suggest that we should ensure that we did not qualify when we could. However, the ambition has to be for us to be in a position in which we do not qualify. That is an important message to give.

[50] You mentioned China and India. China is too big for us to cover. In order to be effective, we must concentrate our efforts in particular areas. Chongqing, as a city region, is an area with which we have a memorandum of understanding and close links. That is a relationship that we want to develop. It would be unrealistic for us to try to cover the whole of China. I met with representatives of the High Commission of India, as you can see from my paper, and they were keen to develop links with us. They understood the substantial level of Indian investment in Wales, they wished to develop business links to develop Welsh investment in India and they were also keen to develop links through higher education. In particular, we had a discussion about the Institute of Biological, Environmental and Rural Sciences in Aberystwyth and how that could be of benefit to India, given its expertise in developing new crops. So, that was a fruitful meeting and we hope to build on that in future years; it was useful to make that contact.

[51] You mentioned the CAP—

[52] **Nick Bourne:** On that, there was also the reception on St David's Day.

[53] **The First Minister:** I ask Gary to deal with the detail on that and then I will come back to the point about CAP.

[54] **Mr Davies:** As the First Minister was saying, we have developed a strong, productive relationship with Chongqing. It is the strongest relationship that you will find between any part of the UK and any part of China. It is going really well. We held a Wales week there this year and that is the fourth year that we have held that. So, we have a profile there and have made a lot of progress in a number of fields.

[55] We are just beginning to get into the paradiplomacy field in India. We have someone based in the British High Commission in Delhi. International Business Wales already had a presence on the ground in India, but my division did not. However, since last May, we have

had someone in Delhi and this was the first event to try to develop the paradiplomacy role in India to raise the profile of Wales generally, as opposed to focusing on trade or investment. So, this was the first event and it coincided with a high-level higher education delegation of vice-chancellors who went out there. It was a very successful event and established a number of important contacts for us. So, we see that as the first step.

[56] **The First Minister:** On the CAP, it has always been the case that we have held different views to the UK Government over the years. For example, it is the UK Government's view that pillar 1 funding should be brought to an end by 2020, but we do not share that view and we think that it is unrealistic. It has always been the case that the devolved administrations have held their own views on European funding matters. Sometimes, they hold those views in common and sometimes they do not. For example, Scotland inevitably has a greater emphasis on arable production than Wales, because it has a large arable sector, whereas we do not. Nevertheless, it is important that we have our view and that we can express it separately to the UK Government. We are doing that, for example, on pillar 1 funding.

[57] **Rhodri Morgan:** Mike, you had a non-cohesion—and I am not saying 'incoherent'—question. [*Laughter.*]

[58] **Michael German:** It follows neatly from the point on CAP, because the discussion about the CAP involves the Council of Ministers. The Scottish Parliament has an interesting way of dealing with ministerial attendance at council meetings, because the Minister will write a short note that they will incorporate into the sort of note that you have provided for us today. I wonder whether you might be prepared to consider doing that, because it would be helpful to us in questioning you on the actions that the Ministers have taken. For example, could you give me some indication of which Ministers have attended council meetings since the last report was made?

10.00 a.m.

[59] **The First Minister:** Regarding your first point, I am sure that we can do that. Secondly, we will provide a list of where Ministers have been. On agriculture, I am aware that Ministers have represented the UK in the past in certain areas; I know that Jane Davidson has done it. Regarding the agriculture council, it is quite common practice for Ministers of devolved administrations to attend the council but not take part. It is something that we have requested in the past, as has Scotland and Northern Ireland, but it has not been the case that a devolved administration has represented the UK, as far as I am aware, in the agriculture council. Attendance at the agriculture council has tended to be based on which topics are being discussed; for example, there are some areas where Wales would not have a direct interest. The rice regime, the banana regime and the incredible tobacco regime, for example, would be areas where perhaps we do not have a direct interest. However, whenever meat production is discussed, or issues such as dairy, then those are the kinds of meetings that Welsh Ministers would attend.

[60] That can have tremendous practical effects. When the last CAP agreement was signed in Luxembourg in 2003, I was present, along with Ross Finnie, the former Scottish Minister for the Environment and Rural Development. I think that I am right in saying that the Northern Ireland Assembly may have been paroled at that point. It was extremely useful to be there. As proposals were put forward that evening, we were able to have input into them and we got them changed. As far as the UK is concerned, we have always tried to make sure that there is as much regional autonomy—if I can put it that way—as possible within the UK. That is not a view shared by other countries, such as Spain, which would take the directly opposite view. It was extremely useful to be at those meetings, and our presence ensured that we had a deal that was as flexible as possible as far as Wales is concerned.

[61] **Jeff Cuthbert:** I wish to make two brief points. The first is on the First Minister's international activities. First Minister, you mentioned your meeting with the Syrian ambassador. I realise that foreign affairs are not within our remit. Nevertheless, given the importance of Syria in the middle east and its undoubted influence on Palestine, were you in a position to discuss those general issues with the ambassador? The second point, which you have not referred to, relates to the situation in Greece, regarding its economy, and the possibility of similar issues arising in Spain and Portugal. Has there been any assessment of whether this will have an impact on the Welsh economy, particularly in respect of support from Europe? I appreciate that we are not in the eurozone. Nevertheless, the package that has been talked about to assist the Greeks is considerable. I am wondering whether this has any anticipated impact here in Wales.

[62] **The First Minister:** First of all, with regard to Syria, I regularly meet ambassadors and high commissioners. What I do not do is discuss foreign affairs with them. That is a matter for the British Foreign and Commonwealth Office. Whenever an issue arises and we are notified of it beforehand, we would always seek advice from the FCO. Our position here is to deal with issues that are devolved and issues where we can have a beneficial effect, such as trade, investment and so on. On foreign affairs, a relationship between one country and a third-party country is not something that I would discuss with an ambassador or high commissioner.

[63] With regard to Greece, it is difficult to know. Greece is an importer of Welsh lamb, and has been for a considerable time, so there may be an effect on lamb imports into Greece. However, the situation in Greece is very fluid. The Greek Government has made its position clear. I have no doubt that there are others in Greece who hold a different view. At the moment, it is difficult to see how this will end up. It creates a problem for those who are within the eurozone; I think that that is clear. As far as the effect on Wales is concerned, we are not part of the eurozone, so it would not affect us directly in that way. However, there may be an effect, depending on the impact of the austerity measures that the Greek Government has put in place, such as the ability of Greece to continue to purchase Welsh lamb. The situation is not as problematic as it was. We now have many more markets for Welsh lamb than we did five or six years ago, so the effect may be minimal. However, it is difficult to give an estimate yet as to what the effect might be.

[64] **Rhodri Glyn Thomas:** Hoffwn ddechwyn at y polisi amaethyddol cyffredin y cyfeiriasoch ato. Fel y gwyddoch, bydd adolygiad cynhwysfawr o'r polisi hwnnw cyn hir. Cymerodd y comisiynydd amaeth newydd ran yng nghyfarfod llawn Pwyllgor y Rhanbarthau fis diwethaf, a gwnaeth yn glir ei fod yn awyddus i gael gwybod barn a blaenoriaethau gwahanol ranbarthau Ewrop o ran y polisi amaethyddol cyffredin i'r dyfodol. Fel y dywedasoch, yn aml nid yw'r hyn sy'n faterion o bwys i Gymru o reidrwydd yn faterion o bwys i'r Deyrnas Unedig fel yr aelod-wladwriaeth, sy'n broblem o ran sut y sicrhau Cymru bod ei llais yn cael ei glywed. Mae blaenoriaethau'r gwledydd newydd sydd wedi ymuno o ddwyrain Ewrop hefyd yn wahanol i flaenoriaethau gwledydd mwy datblygedig o ran economi wledig ac amaeth.

Rhodri Glyn Thomas: I would like to come back to the common agricultural policy that you referred to. As you know, there is to be a comprehensive review of the policy before long. The new agricultural commissioner participated in the plenary session of the Committee of the Regions last month, and he made it clear that he was keen to hear the opinion and priorities of different European regions with regard to the common agricultural policy for the future. As you said, very often, the issues that Wales perceives to be important are not necessarily important to the United Kingdom as the member state, which is a problem with regard to how Wales ensures that its voice is heard. The priorities of the new countries that have recently joined from eastern Europe are also different to those of more developed countries with regard to the rural economy and agriculture.

[65] Trafodwyd datganiad opiniwn yng Nghomisiwn Adnoddau Naturiol Pwyllgor y Rhanbarthau ddoe. Yr oedd y sawl a hyrwyddai'r datganiad yn dymuno dileu piler 2, a fyddai, fel y gwyddoch o'ch cefndir fel Gweinidog dros amaeth, yn drasiedi o ran yr hyn sydd wedi digwydd yng Nghymru drwy ddatblygu piler 2 a thrwy sicrhau ei fod yn fuddiol i'r economi wledig. Yn sgîl y sefyllfa newydd hon, sut fydd Llywodraeth Cymru'n sicrhau bod yr hyn sy'n bwysig o ran datblygiad yr economi wledig yng Nghymru yn cael ei fwydo i'r adolygiad o'r PAC? Mae'r Is-bwyllgor Datblygu Gwledig, a gadeirir gennyf, yn bwriadu cynnal adolygiad a byddwn yn ceisio bwydo'r canlyniadau i'r adolygiad o'r polisi amaethyddol cyffredin. Sut fydd Llywodraeth Cymru yn gwneud hynny? Mae hwn yn bwnc eithriadol o bwysig o ran dyfodol yr economi yng Nghymru.

[66] **Y Prif Weinidog:** Mae dau eithriad i'r ddadl ynglŷn â philer 1 a philer 2. Byddai rhai yn dadlau mai piler 1 yn unig a ddylai fod, ac y dylai bob ceiniog fynd i'r ffermwyr heb gwestiwn. Y ddadl arall yw na ddylai piler 1 fodoli, ac y dylid rhoi pob taliad amaethyddol i ffermwyr ar yr amod eu bod yn gwneud rhywbeth, megis cydymffurfio â chynllun amaeth-amgylcheddol. Ein barn ni yw bod yn rhaid sicrhau cydbwysedd. Os ewch o un i'r llall, er enghraifft pe baech yn cael gwared ar biler 1 a chadw piler 2 yn unig, byddai hynny'n cael effaith mawr ar ffermwyr Cymru, oherwydd eu bod yn dibynnu ar y taliadau o dan biler 1. Mae'r taliadau o dan biler 2 yn rhai ychwanegol, er deallaf fod rhai ffermwyr yn dibynnu ar y rheini hefyd.

[67] Beth all Llywodraeth Cymru ei wneud? Mae'n hanfodol inni gael swyddfa ym Mrwsel, ac mae'n bwysig hefyd fod gennym rywun sy'n gweithio llawn amser yn y byd amaeth—yr oedd hynny'n werthfawr iawn imi pan oeddwn yn Weinidog dros amaeth. Yr oedd yn bosibl sicrhau ein bod yn cael cyfarfodydd gyda'r rheini a oedd yn gwneud yr argymhellion i'r Cyngor Ewropeaidd fel bod barn Cymru'n cael ei chyflwyno. Un peth a ddywedaf am y Deyrnas Unedig yw nad oes un wlad arall yn yr Undeb Ewropeaidd, heblaw am Wlad

A declaration of opinion was discussed at the Commission for Natural Resources in the Committee of the Regions yesterday. Those who promoted the statement wish to get rid of pillar 2, which, as you know from your background as a Minister for agriculture, would be a tragedy with regard to what has happened in Wales in developing pillar 2 and in ensuring that it is beneficial to the rural economy. In light of the new situation, how will the Welsh Government ensure that what is important to the development of the rural economy in Wales is fed into the CAP review? The Rural Affairs Sub-Committee, which I chair, plans to hold a review and we will try to feed the outcomes into the review of the common agricultural policy. How will the Welsh Government do that? This is an extremely important subject in relation to the future of the economy in Wales.

The First Minister: There are two exceptions with regard to pillar 1 and pillar 2. Some would argue that there should be only pillar 1, and that every penny should go to farmers without question. The other argument is that pillar 1 should not exist, and that all agricultural payments should be made to farmers on the condition that they do something, such as conform with an agri-environment scheme. Our opinion is that you need to strike the right balance. If you move from one to the other, for instance if you were to get rid of pillar 1 and kept only pillar 2, that would have a major impact on Welsh farmers because they depend on the payments under pillar 1. The payments under pillar 2 are additional, although I understand that some farmers also depend on those.

What can the Government of Wales do? It is extremely important that we have an office in Brussels, and it is also important for us to have someone working full time on the agricultural side—that was very valuable to me when I was Minister for agriculture. It was possible to ensure that we had meetings with those who provided the recommendations to the European Council so that Welsh opinions were expressed. One thing that I would say about the United Kingdom is that, with the exception of Belgium, there is no other country in the

Belg, sy'n gadael i Lywodraethau datganoledig fynegi barn i'r Comisiwn, yn answyddogol mewn cyfarfodydd, nac yn swyddogol mewn cyfarfodydd y cyngor amaeth. Mae hynny wedi bod yn bwysig iawn, ac yr ydym wedi cael llawer o ddylanwad dros y blynnyddoedd. Un enghraifft o hynny yw ein llwyddiant yn Lwcsembwrg i sicrhau modiwlleiddio ar lefel Gymreig, ac i beidio â chael lefel Brydeinig yn unig a fyddai'n cael ei reoli ar lefel Brydeinig. Nid oedd y mwyafrif o wledydd Ewrop yn ymwybodol o hynny, ac felly yr oedd yn bwysig ein bod yn Lwcsembwrg i wneud y pwynt hwnnw ac i sicrhau system gyllido yng Nghymru a oedd yn berthnasol i Gymru. Felly, yr oedd y dylanwad yno, ac mae'n parhau i fod yno.

European Union that allows devolved Governments to express opinions to the Commission, unofficially in meetings, or officially in meetings of the agriculture council. That has been extremely important, and we have been able to exert a great deal of influence over the years. One example of that is our achievement in Luxembourg to ensure that we would be able to modulate at the Welsh level, and not have only a British level, which would be controlled at the British level. The majority of European nations knew nothing of that, so it was important that we were in Luxembourg to make that point and to ensure a funding system for Wales that is relevant to Wales. Therefore, the influence was there, and is still there.

10.10 a.m.

[68] **Rhodri Morgan:** Mae gennyf ddau gwestiwn yn awr. Yr ydych wedi fy atgoffa o rywbeth yr oeddwn wedi'i anghofio yn gyfan gwbl, sef bod gwlad Groeg yn farchnad eithaf pwysig i allforion cig oen, ac efallai y bydd llai o arian ar gael yno yn awr i'w prynu. Nid wyf yn golygu cig oen, os cofiaf yn iawn, ond ŵyn cyfan. Maent yn prynu ŵyn cyfan er mwyn eu rhoi ar y barbeciw ar ddydd Sul, pan fydd y teulu i gyd yn dod ynghyd. Ar wahân i'r marchnadoedd traddodiadol yn ne Ewrop fel de'r Eidal, gwlad Groeg, a Phortiwgal efallai, faint o farchnadoedd eraill a fyddai ar gael i'r ŵyn bach yr ydym yn eu hallforio pe bai'r gwledydd hynny i gyd yn wynebu'r un strach ariannol â gwlad Groeg?

Rhodri Morgan: I now have two questions. You have reminded me of something that I had completely forgotten about, namely that Greece is quite an important market for our lamb exports, and perhaps there will now be less money there to purchase it. I am not referring to the meat, if I remember correctly, but to whole lambs. They buy entire lambs to put on the barbecue on a Sunday, when the whole family comes together. Apart from the traditional markets in southern Europe, such as southern Italy, Greece and perhaps Portugal, how many other markets are there for the light lambs that we export if those other countries all face the same economic strife as Greece is facing now?

[69] Mae fy ail gwestiwn ychydig yn fwy cyffredinol na hynny, ond mae yn yr un parc, fel petai. A fydd y posibilrwydd o'r argyfwng ariannol yng ngwlad Groeg yn lledaenu i rai o wledydd eraill ardal yr ewro yn golygu blaenoriaeth newydd i'r Gymuned Ewropeaidd a'r Undeb Ewropeaidd, sef beth y dylid ei wneud ynghylch problemau ardal yr ewro? Byddai hynny'n golygu bod agenda Lisbon, o ran technoleg, dyfeisgarwch a cheisio creu economi newydd sy'n fwy cystadleuol o'i chymharu ag economïau'r Unol Daleithiau, Tsieina, India ac yn y blaen, yn gorfod cael ei hisraddio oherwydd byddai'n rhaid canolbwyntio ar achub yr ewro ac ardal yr ewro.

My second question is a little more general than that, but it is in the same ballpark, as it were. Will the possibility of the economic crisis in Greece spreading into other eurozone countries mean a new priority for the European Community and the European Union, namely working out what to do about those problems in the eurozone? That would mean that the Lisbon agenda, which is all about technology, innovation and trying to create an economy that is more competitive when compared with those of the United States, China, India and so on, would get downgraded, because the focus would be on what we have to do to save the euro and the eurozone.

[70] **Y Prif Weinidog:** O ran y cwestiwn cyntaf am y marchnadoedd eraill, maent yn Ffrainc, Sbaen a'r Eidal, ac yn awr maent hefyd yn y dwyrain canol, yn Hong Cong, Singapore ac yn y blaen. Mae gennym sawl marchnad yn awr nad oedd gennym bum neu chwe blynedd yn ôl. Pe baem yn colli rhywfaint o'n masnach gyda gwlad Groeg, byddai'r golled honno'n cael ei gwrthbwysu gan y marchnadoedd eraill. Bum neu chwe blynedd yn ôl, dim ond marchnad Ewrop oedd ar gael inni. Nid oedd yn bosibl allforio i sawl gwlad arall, oherwydd hanes clwy'r traed a'r genau yn 2001. Yr ydym wedi gweithio'n galed i sicrhau ein bod yn gallu allforio i Dubai, er enghraifft, a thu hwnt. Felly, ni fydd problemau economaidd gwlad Groeg yn cael yr un effaith â phe baent wedi digwydd bum neu chwe blynedd yn ôl.

The First Minister: On the first question about other markets, those markets are in France, Spain, and Italy, as well as now in the middle east, in Hong Kong, Singapore and so on. We now have several markets that we did not have five or six years ago. If we were to lose some of our trade with Greece, the losses would be balanced out by the other markets. Five or six years ago, only the European market was available to us. It was not possible to export to many other countries because of the foot-and-mouth disease outbreak in 2001. We worked hard to ensure that we could export to Dubai, for example, as well as further afield. Therefore, the economic problems in Greece will not have the same affect on us as they would have had, had they happened five or six years ago.

[71] Mae'n anodd gwybod pa fath o flaenoriaethau a fydd gan Gomisiwn Ewrop yn awr. Nod cronfa strwythurol yw sicrhau bod strwythur economaidd ardaloedd yn gwneud cynnydd. Yn fy marn i, ni ddylai cronfa strwythurol gael ei defnyddio fel ffordd gyllidol o helpu llywodraeth i ddod allan o dwll ariannol. Dylai hynny gael ei wneud gan y Gronfa Ariannol Ryngwladol, ac efallai Banc Canolog Ewrop, ond ni ddylai gael effaith ar gronfeydd strwythurol. Mae ffyrdd o helpu gwlad Groeg, ond ni ddylai hynny ddigwydd gan ddefnyddio'r cronfeydd.

It is hard to know what kind of priorities the European Commission will have now. The aim of a structural fund is to ensure the advancement of a region's economic structure. In my opinion, a structural fund should not be used as a financial means of helping a government to get out of a financial hole. That should be done by the International Monetary Fund and perhaps by the European Central Bank, but it should not have an impact on the structural funds. There are ways and means of helping Greece, but that should not be done through the use of those funds.

[72] **Rhodri Morgan:** I have two final questions. One is on the globalisation adjustment fund, the GAF, which has an element of mystery about in that it has had no applications from anywhere in the UK. That has puzzled us to some extent. We understand that the rules for ensuring that an application is successful seem to be unbelievably complex, but, somehow or other, other countries are managing to find their way around those unbelievably complex rules. It occurred to us that, in relation to some of the big closures that we have seen—whether in Rogerstone, as regards what used to be called Alcan but was Novelis at the time that it closed, Anglesey Aluminium, or, more recently, Bosch—even though those do not seem at first sight to fit in with the requirements, they do fit in to a greater extent than applications from other countries that were nevertheless successful. Do you have any thoughts on that?

[73] Finally, on the question of the subsidiarity protocol in the Lisbon treaty, which came into effect on 1 December, we have exchanged some informal views on how we, as a committee, would have the duty of looking at whether we want to use the eight-week window to tell the Houses of Parliament that we think that that infringes the subsidiarity protocol and that, therefore, this proposed bit of European legislation should be challenged because it is a devolved matter and we think that it does not make sense for Europe to be legislating in this area. However, we have to know about it in order to challenge it, and there is not much time in which to challenge it, because of the brevity of the time for which the window is open.

Nevertheless, you, as the Assembly Government, are consulted on devolved matters, and therefore perhaps we could have an informal exchange. You could tell us about the matters on which the UK Government consults the Assembly Government, because they are devolved, and we could take a view on the subsidiarity protocol of the Lisbon treaty, which is a matter for us and not the Assembly Government.

[74] **The First Minister:** There are three points there. First, with regard to the European globalisation adjustment fund, the first thing to remember is that it cannot be accessed for jobs that have been moved to other member states. So, if jobs were moved from Wales to Hungary or Poland, say, EGAF would not apply. The second point is that it cannot be used to duplicate any schemes that are funded under European structural funds. For example, as ReAct is an ESF-funded scheme, there would be no way to access EGAF to fund that scheme. The third point is that, given the complex issues to do with the UK rebate, if there were to be an application for EGAF funding, the practice of the Treasury is to recoup 81 per cent of the cost of that funding from the appropriate UK Government department or devolved administration. So, if we had looked at EGAF as a way of funding ReAct, we would have had to pay 81 per cent of the cost back to the UK Treasury. Funding it through ESF, we do not need to do that. So, EGAF has its advantages, but, thus far, we have found other ways to fund the schemes that we want to have in place, as any EGAF funding carries a cost to us.

[75] The subsidiarity monitoring mechanism that you mentioned is clearly a matter for the committee. I do not think that we, as a Government, have a role in that, and I do not think that it would be appropriate for us to act as a filter by passing information on to the committee. Perhaps the committee would like to liaise with the appropriate authorities in Parliament to get to see any documentation or explanatory memoranda that you want to see to enable you to make your case independently rather than going through us as a Government. Given the separation of the legislature and the Executive, I think that that would be the most appropriate way to do that.

[76] **Rhodri Morgan:** Here is what I was suggesting. Given that you already know what is devolved, because you are consulted on it by the appropriate UK Government departments, which get it from Brussels, it would avoid the need for us to appoint an army of clerks to read the vast quantity of draft European legislation to work out whether it contains implications for the devolved administrations if the same decision that the UK Government makes on whether something is primarily or partially devolved, which it needs to tell the Scottish, Welsh and Northern Irish Governments—that fundamental first-gate filter that says that something is a devolved issue and that the UK Government must consult the relevant devolved administration—could be used as a filter for us, too. That would avoid our having to appoint an army of clerks to read all the legislation to pick out the odd one in 100 that relates to a devolved matter.

[77] **The First Minister:** What I can do is provide the committee with a list of explanatory memoranda and other documents that we receive and are consulted on. The committee can then form its own views on whether it wishes to examine those.

[78] **Rhodri Morgan:** That would be enormously useful.

[79] **The First Minister:** What I cannot do is provide papers to the committee with an interpretation on behalf of the Government as to what is devolved—

[80] **Rhodri Morgan:** Absolutely not.

[81] **The First Minister:** That is properly a matter for the committee.

[82] **Rhodri Morgan:** I would be very grateful for that. Mike, do you want to come in on

this?

[83] **Michael German:** That is very helpful. The only other question is about the promptness. As you know, there is a small window of time during which we can do this. If that were sent straight on to the committee, that would be really helpful, because we have to get it back to the UK Parliament. A nine-week window applies to it, so we need to be able to do it within seven weeks, because they must also be able to consider it in Parliament. So, promptness would be very helpful.

[84] **The First Minister:** I understand that.

10.20 a.m.

[85] **Rhodri Morgan:** Diolch yn fawr, **Rhodri Morgan:** Thank you, First Minister, Brif Weinidog, i chi a'ch swyddogion am to you and your officials for your attendance eich presenoldeb a'ch cyfraniadau y bore and your contributions this morning. We will yma. Byddwn yn anfon y trawsgrifiad atoch send you the transcript to be corrected if i'w gywiro os oes angen. necessary.

[86] We will take a brief comfort break before welcoming our next witnesses.

*Gohiriwyd y cyfarfod rhwng 10.20 a.m. ac 10.22 a.m.
The meeting adjourned between 10.20 a.m. and 10.22 a.m.*

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

[87] **Rhodri Morgan:** Welcome back. We have witnesses from Swansea University's 'A-team' this morning, namely Richard Davies, the vice-chancellor and Jan Nielsen, the head of knowledge transfer services. Thank you for your paper. I invite you to make some introductory remarks about your paper and I will then invite Members to put some questions to you. Over to you, vice-chancellor.

[88] **Professor Davies:** Thank you for that introduction, Chair, but I introduce Professor Jan Nielsen to you as the head of our research and innovation department. I thought that it would be helpful to have the view of someone from another country, and Jan is originally Danish. So, we have a multinational—or at least a bi-national—representation today.

[89] The points that I would like to make in my introduction are quite clear, I hope. I believe that Wales could use its universities more effectively. I think that they are an underexploited asset for driving forward economic development in the country. It has become clear around the developed world that universities can stimulate economic development and lead to the creation of a modern economy with clusters of high-tech companies, leading to manufacturing developments in the same regions. In many places, that is happening spontaneously. It has not been happening spontaneously in Wales, but there is a growing number of examples of Governments across the world using universities proactively, where that type of development has not taken place spontaneously. Using universities proactively is an integral part of major projects to transform regional economies.

[90] That requires strategic leadership and a strong focus on implementation. Policies are not enough. We have only relatively limited examples so far in Wales, in my view, and I would give the Institute of Life Science at Swansea, which I happen to know about of course, as one example of joined-up thinking and of major strategic development in partnership with Government, large companies, small and medium-sized enterprises, and the university. However, on the whole, the Welsh Assembly Government, like Europe, is a funder rather

than a partner. Universities are complex organisations and I think that industry, as well as Government, often finds it difficult to build effective relationships with universities. However, currently, 50 per cent of Welsh research and development takes place in its universities. Across the whole of the UK, the figure is only 26 per cent, but, in Wales, 50 per cent of our research and development takes place in universities. We do not have large companies in Wales undertaking research and development, which is a critical part of the modern knowledge economy. Barriers would have to be broken down on all sides: in universities, in the Government and in large companies. It takes time to establish trust to develop the sort of partnerships that could bring about great rewards if we got our act together totally.

[91] I have two more precise examples of what could change. The difficulty with structural funding is that it is, essentially, about short-term outcomes. Outcomes are recorded and audited in the short term, whereas economic development is a medium to long-term phenomenon. To link those two and to use the short-term objectives of European regional funding to produce long-term economic gain requires strategic leadership and a considerable amount of project management. That is one example.

[92] The second example is to do with large companies. We have had a tremendous emphasis on SMEs. I would not, for a minute, decry a major emphasis on SMEs in building up a strong economy, because SMEs are critical to our economy, but there is a limit to what we can do without engaging with large companies. We do not have enough of those in Wales, and we have to pull more in. It is that sort of three-cornered operation of higher education, large companies and SMEs in which higher education can operate effectively. HEIs can help, not just with research and development, but with talent flow into companies, and can help to build supply chains. One problem with SMEs is that little research and development is done in them. Across Britain, about 3.5 per cent of industrial research and development is undertaken in SMEs. The vast majority of research and development in industry is undertaken in large companies, but they drive quality and production down supply chains. So, again, we need a major effort to develop supply chains between SMEs and large companies. It has been demonstrated around the world that universities can have a major effect in supporting cluster development where there are those links between large companies and SMEs. That is my introduction.

[93] **Rhodri Morgan:** I have a few questions to begin with and then Jeff, Rhodri Glyn, Nick and Mike will come in. I appreciate your point that there is a need to take a long-term view of the period over which this switch of strategy to a greater partnership between the Assembly Government and the universities located in west Wales and the Valleys would deliver the result of transforming the two thirds of Wales that is in the convergence region. How would you seek to persuade all of the other potential recipients that it is worth their while to sacrifice their part of the convergence funding in order to devote more of it to a partnership led by the universities plus the Assembly Government? The long-term results might take a long time to flow through. Nevertheless, you could instil the confidence that it will deliver results, even though it might be over 15 or 20 years, rather than two or three years.

[94] **Professor Davies:** I am not necessarily making the argument for more money to go to universities. I could do that and I frequently do. I am more concerned here—

[95] **Rhodri Morgan:** You are not slow in coming forward on that front.

[96] **Professor Davies:** No. [*Laughter.*] I am more concerned here about using money efficiently and effectively. In giving evidence to this committee, I am not representing higher education. Therefore, the argument is that these strategic partnerships are needed to ensure that the money that is already being spent and that is likely to be spent on relatively short-

term focused projects can have a long-term impact. So my point is that it is adding value to what we do already.

10.30 a.m.

[97] **Rhodri Morgan:** Yes, but I thought that you were also saying that you need to get people to understand that the results may not be that quick. This is strategic, and the results may take 15 or 20 years to show up. In other words, looking back, you can ask now why universities and public authorities in Wales did not locate a science park next to a university in Wales when other countries, including Scotland, were doing it 30 years ago. Not everywhere was doing it; Cambridge was doing it, but Oxford was not, but we are only thinking about it now. So, you can ask why we did not think about it in the 1960s and 1970s, but we did not, and we are where we are. We are going to start now, but we must remember that, sometimes, it takes a long time for a science park that is linked to a university to shift the GDP or GVA per head pattern.

[98] **Professor Davies:** Some of the interventions around the world show that it is possible to do this a lot faster than in 30 years. For example, Barcelona, with massive investment, started about 15 years ago, and it has had a massive impact, with thousands of jobs being created. There are other examples. Perhaps Professor Nielsen would like to give some. I know that he has been looking at examples around the world.

[99] **Professor Nielsen:** There are a number of points. The first is that the fact that you are aiming for long-term benefits does not mean that you forego short-term benefits. However, if you just look for the short-term benefits, you might just find that the long-term benefits are not there, because they have not been planned for. I have been to Scandinavia to look at what is going on in Stockholm and Helsinki. Finland has gone for innovation in a big way and integrated the universities with its economic development activities as an embedded partner. That is working very well. It is focused around one large company, Nokia. This was done because the Finnish economy crashed in the early 1990s, and that has had some fundamental consequences. There was reconfiguration, and that is now a hub of economic development for Finland. In Sweden, a similar situation occurred in Stockholm with Ericsson. The founding fathers of the city got together with Ericsson and the universities and built, not a science park, but a science city, called Siska. Now, there are 150 IT companies on that site, and it is growing exponentially. It is about getting interventions that are of a sufficient scale that they do not go away when the funding stops.

[100] **Rhodri Morgan:** What do you do if you do not have a local Ericsson or Nokia to give you that private sector oomph with which the public sector can link?

[101] **Professor Nielsen:** Well, we have Corus. We are doing a lot of work with Corus, but I think that an awful lot more could be made of that. I have spoken to a number of the organisations in the Corus supply chain, and there is potential for us. The world that we live in is becoming increasingly virtual with telecommunications, and there is a real need for us to link our SME base with large companies that may be 50 miles, 500 miles or 5,000 miles away. Distance now matters less.

[102] **Rhodri Morgan:** Okay, that is enough from me.

[103] **Jeff Cuthbert:** I ought to point out that Professor Davies is a very active participant in the programme monitoring committee, which I chair. To follow up the point about science cities, I remember visiting the University of York with another Assembly committee. It has a very large science park attached to it. I believe that it is part of the White Rose University Consortium with Bradford and Leeds. They have developed, if memory serves me, a lot of smallish enterprises that feed in and out of the university. Returning to this issue of large

companies, I can accept the logic of our needing more of them, but we may not get them, and the economy of Wales is characterised by its large number of SMEs. You mentioned clusters of development. Do you see sector skills councils having a role in that regard? If so, are they particularly effective—they have been in place for some time and have received quite a lot of public money—or are there other means of developing effective clusters? My final point is on the issue of STEM—science, technology, engineering and maths—research, which you mentioned, and which is a problem in Wales; there is no doubt about that. We cannot use structural funds to support schools directly, but how do you feel they could be used to improve STEM research and, ultimately, teaching?

[104] **Professor Davies:** Those are very challenging questions that go to the core of our problems: first, there are not enough large companies; secondly, we are not organised enough on skills; and thirdly, we are not strong enough on STEM, even in our universities. These are all severe handicaps. However, I think that we can address all of them, and they are interlinked.

[105] We have been talking to several multinational companies over the past two years—companies that we have been working with for a long time and with which we have a relationship of confidence and trust. We have asked them whether they will move to Wales, or move some of their facilities to Wales, and develop research and development here. Those conversations move immediately on to skills; skills are of as much interest to these large companies as research and development; they are, approximately, equally important. Our conversations tend to be about the higher level skills, but these companies are desperately concerned, even at a time of recession, to secure a talent flow of highly skilled people with backgrounds in science, technology, leadership and business into their companies. We need to follow up on many of those conversations and use our universities as magnets to bring in activities from outside from large companies. We have started doing that. I have mentioned the Institute of Life Science, and I thought that I would perhaps use that as an exemplar this morning; Boots has set up a global innovation centre within the institute, having moved out of Nottingham and set up here in Wales, and some manufacturing is already under way in Wales as a result of that, making innovative new products that are going on the shelves at Boots.

[106] We have to follow that up with other companies, and we need a way of getting our act together so that they can talk simultaneously not just to higher education but to further education, as they are interested in other areas of skills as well. We have had some complications there around how quickly we can mobilise discussions about FE training as well as activities in universities. The scale of operation needed to be fully effective across Wales is vastly more than one university can provide. That is where I come back to partnerships to mobilise what I think is a real interest among major companies to work closely with universities. A recent CBI survey published just before Christmas asked major companies, in the middle of the recession, what changes they foresaw for the future. One of the major themes coming out of that study was that they expected to work much more closely with universities. It is a type of outsourcing. It is about outsourcing some of the research and development work, or collaborating on it, and outsourcing some of the skills development, or at least working closely with bodies from which they can get a supply of highly skilled people.

10.40 a.m.

[107] Finally, on the skills councils, it is interesting that, when I talk to the larger companies, they rarely refer to them. The impression that I have—from a university angle—is that the skills council is working extremely hard to raise aspirations about provision and support for skills development in Wales, which is an essential part of improving the knowledge infrastructure of the country. I question how co-ordinated that is, and how responsive it is to the demands of large companies.

[108] **Rhodri Glyn Thomas:** Yn eich papur, yr ydych yn feirniadol iawn o fethiant Llywodraeth Cymru i gydweithio'n effeithiol â sefydliadau addysg uwch yn y meysydd hyn. A fyddai'n deg dweud—yr wyf yn credu eich bod wedi awgrymu hyn yn eich sylwadau agoriadol—bod peth bai ar sefydliadau addysg Cymru, oherwydd nad ydynt yn gallu cydweithio â'i gilydd? Yn aml, maent yn cystadlu â'i gilydd ac yn dyblygu gwaith yn y meysydd hyn. Yr ydych hefyd yn cyfeirio at yr angen i uno ambell lif ariannol; a allwch fod yn fwy penodol ynglŷn â hynny? Ble fyddai'r uno hwnnw'n cael effaith? Yn olaf, a ydych wedi edrych ar rai posibilïadau eraill o ran arian Ewropeaidd, yn enwedig rhaglen fframwaith 7, sy'n ymwneud ag ymchwil a thechnoleg? A yw hynny'n rhywbeth y dylai sefydliadau addysg uwch yng Nghymru fanteisio'n fwy arno?

Rhodri Glyn Thomas: In your paper, you are very critical of the failure of the Welsh Government to work effectively with higher education institutions in these fields. Would it be fair to say—I believe that you suggested this in your opening remarks—that some blame is to be apportioned to Welsh education institutions, because of their inability to co-operate? They are often in competition with each other and they duplicate work in these fields. You also refer to the need to merge some funding streams; can you be more specific on that? Where would such mergers have an effect? Finally, have you looked at other possibilities regarding European money, particularly the framework 7 programme involving research and technology? Is that something that higher education institutions in Wales should take more advantage of?

[109] **Professor Davies:** Thank you for what are, again, challenging questions. I cannot say that higher education in Wales has been perfect in delivering on the various objectives that I have been discussing, which are also outlined in the paper. However, something similar could be said of higher education anywhere in the western world. Higher education is often not the most responsive area, and needs encouragement, help and assistance in order to deliver on public agendas; these are what politics are about. We are, however, willing to engage where there is a prospect of being able to work effectively to improve the situation, whether it is to do with employment or culture or whatever the public policy area is. I am sure that you will find that every university in Wales is more than willing to engage positively with those agendas if they are brought into the debate and the discussions.

[110] You have pointed out one of our problems in Wales. There is no question that, if you were starting to design a higher education system in Wales today, you would not have so many small institutions scattered across the country; this leads to complications and some inefficiencies. I cannot talk for the whole of higher education, but I know that Swansea University is a bit small to deliver on big agendas; we are getting there, and I believe that we will be of the right scale within the next two or three years to enable us to have a big impact. All of the research with major companies shows that they do not form long-term partnerships with anything other than major, substantially sized, research-led universities. As I say in the evidence, we start with only one of those in Wales, whereas Scotland has several universities with a strong technology or science base that are of a scale to be able to make a difference; that worries me, and I have been open about this ever since I came back to Wales six years ago.

[111] This links to the other area of change—I am sorry that I did not deal with it properly in answer to a previous question—which is science. We have substantially less science and technology provision in Wales than in England, for understandable historical reasons—Wales has about half the level of science and technology provision per head of population that Scotland has, and it is about 30 per cent less than England. That has to be corrected; I cannot see how one can develop a modern high-tech economy—or certainly have a high-tech portion of our economy—without doing so, and that will involve some pain. Money has to be found from somewhere, so we either have to rebalance the whole sector and stop doing a lot of things in order to do more and better science and technology, or we have to find the money to

grow. In the current financial situation, it is probably more of the former than the latter. The science and technology that one can grow is limited to a relatively small number of institutions; if you are going to start afresh in trying to build up science and technology, you will have a 15 to 20-year time lag. So, if you are going to develop it, you must develop it on existing strengths, which are concentrated in a relatively small number of institutions.

[112] **Rhodri Morgan:** Jan, do you want to come in on this briefly?

[113] **Professor Nielsen:** Yes, I have two points to make on the duplication of funding. Universities are within regions and they serve those regions quite well, so the expenditure of a funding stream that is run parallel goes into two different regions or multiple regions. Secondly, the vast majority of our large projects have other higher education partners within them; very few are single university-led. There is much more co-operation between universities than is generally understood.

[114] **Rhodri Glyn Thomas:** I also asked a question about funding streams in Wales. You mentioned that some funding streams are merged—can you elaborate on that?

[115] **Yr Athro Davies:** Mae'n ddrwg **Professor Davies:** I apologise; I had not gennyf; nid oeddwn wedi deall ail ran eich cwestiwn. understood the second part of your question.

[116] It is repeated to me within the university that we have what is called a jam-jar approach to funding. That means that we have a large number of projects coming from different areas, or sometimes the same area, within the Assembly, which have relatively small amounts of funding. Each of those projects is operated by specific academics who have the money, and they must be accounted independently and have their own business and delivery plans. We struggle to work strategically to bring all of those together, but, as I emphasised in my paper, we are trying to do that while assuming that that type of funding will continue. We try to organise ourselves so that we add value and see the bigger picture. Indeed, we are now saying to people, 'We don't want you to apply for that funding'. We have made some tough decisions, for example on European funding, about the areas that we encourage academics to go for and the areas that are not strategic for the university.

[117] This is a different type of thinking. I have a strong impression—I cannot elaborate on that, because it is not my business to probe into the way that Government operates—that there are inefficiencies within Welsh Assembly Government funding regimes in the splitting of funds into separate pots and for those pots to be subdivided further. If the university that is receiving a lot of that funding cannot see the big picture, the question is whether the big picture is being lost within WAG or whether it is the recipient's fault. I am not quite sure about that.

[118] **Nick Bourne:** Thank you to Richard and Jan for the paper and the presentation. I am reassured by listening to you that this is not about funding, which is good news in the present climate. However, I want to extrapolate what it is about and what we could be doing more as an Assembly and the Welsh Assembly Government. The international experience is relevant—you mentioned Sweden and Finland—building up science and business parks, which I am sure will be identified as something that needs to be done, and pushing the teaching of and research in science, technology, engineering and mathematics subjects. There also seems to be a cultural issue, and without trespassing too far into Welsh Assembly Government territory, do you feel that the structure of Government is right, and should higher education be dealt with within the economic development portfolio? Would that help or not, because being present at economic summits and so on is clearly important. We have heard some specifics, but there are also cultural issues.

[119] Secondly, I can see that we want to help Welsh small and medium-sized enterprises and Welsh-based large companies, but given that there are not that many large Welsh-based companies and given your mention of Boots, there is still, presumably, an advantage for the university sector in Wales to be representing English-based companies. Is there anything that we can do to develop that, given your success with Boots?

10.50 a.m.

[120] **Professor Davies:** Thank you for those questions. With regard to the large companies, we have demonstrated over the past two years that companies are hungry to work closely with universities where trust already exists and where there is a history of collaboration. Companies work with their friends, and that relationship has to be built up. It is not just Swansea University that has the trust of several major companies. So, there is an opportunity, which we are not currently being altogether proactive about, to go to those companies and make propositions to them. Those propositions need not have a lot of money attached to them, because, as I say, there is an enthusiasm for engaging with world-class research and working closely with universities.

[121] Boots is one example, and another is Rolls-Royce. It has been announced that Rolls-Royce is moving substantial facilities from Derby to Swansea, and we are delighted about that. It is a long-term venture, which is based on conducting about 20 years of research with the company. We approached the company; it appeared that nobody had ever asked it to move some facilities to Swansea or to Wales. So, I would take a project-related approach that identifies where our collaborators and partners are outside Wales; let us go to them with joined-up thinking, as Smart Wales, rather than as one university, and ask, 'Can we attract you, or some of your operations? What is necessary to do that?'

[122] So, there are things that can be done. Sorry, I have forgotten your first point.

[123] **Nick Bourne:** It was on the structure of Government in particular and whether there are things that we can be doing other than those in the short list that I gave.

[124] **Professor Davies:** I am a great believer in projects, moving to implementation quickly, getting the strategy clear, determining what you want to achieve and putting the project's roots in place. However, people have to deliver. Their job descriptions say that they have to deliver big things, that is, not spend the money or produce short-term outputs at the end of the European-funded project, but to deliver in an organised and coherent way. I know that that will be very stressful, because that is not the normal mode of operation of Government. That would be my recommendation, namely to move towards much more big projects that develop big things.

[125] **Rhodri Morgan:** On the specific point that Nick asked, do you think that higher education should be relocated from the Department for Education to the Department for Economic Development? Do you want to make a comment on that, or would you prefer not to comment?

[126] **Professor Davies:** I did not want to make a big thing of this, but as far as I am concerned I would be much happier, in the current situation, dealing with a part of the civil service that is concerned primarily with economic regeneration. There are counterarguments to that. However, all my experience in life shows that it is about the people and not the structures.

[127] **Michael German:** To put the fundamental question, in 2013 there will be a significant reduction in European funding, so how robust are the alternative sources of funding, particularly in respect of research, some of which—quite substantial numbers, in

fact—are European? Are we making the best use of those? How should we prepare for a scenario in which those sources of funding are more important than European funding? With reference to your comments about the jam jar, does that not get rid of one of the lumps in the jam jar?

[128] **Rhodri Morgan:** One of the what?

[129] **Michael German:** The lumps. You get strawberry jam with strawberry lumps in it, and raspberry jam with raspberry lumps in it.

[130] **Professor Davies:** The issue for me is that Welsh universities do not have a track record of great success in pulling in effectively all the different sources of money that it is possible to pull in. The single major reason for that is the paucity and limited scale of STEM subjects. Most of the money that is attracted from framework programme 7 and from research councils and so on goes towards science, technology, engineering, mathematics and medicine. If we have substantially less than everyone else, we will get less money. One reason we need growth in STEM is to make us sustainable in a funding environment where we have to fight across Europe to pull in more research funds from framework 7 or, in future, probably framework 8. We have to be successful in levering research council money and industry investment. All the evidence is that it is the world-class research that has wealth-creating potential. Not all of it does, but very little research that is not world class has major wealth-creating potential. So, we must make sure that we grow our world-class leading research in STEM areas to create that wealth-creating potential because with that comes more money. That generates its own supply and sources of funding for a university so that we can diversify.

[131] **Michael German:** This suggests a greater sense of direction from the Welsh Assembly Government in its policy for universities in Wales. Do you agree?

[132] **Professor Davies:** Personally, I am comfortable with strategic leadership if it is heading in a direction to correct major deficits in the Welsh economy.

[133] **Michael German:** I was referring more to your policy of increasing the amount of STEM that takes place in Wales. Do you believe that the Welsh Assembly Government should provide that leadership?

[134] **Professor Davies:** I would be very comfortable if it were to provide that leadership. I see that as part of the essentials to be put in place to be able to transform the Welsh economy.

[135] **Rhodri Morgan:** I have one final question. You mentioned the sort of relationship that Ericsson had with Stockholm and that Nokia had with Helsinki and maybe other cities in Finland, and we are looking for a Welsh Ericsson or Nokia. You mentioned several companies in your paper, such as Rolls-Royce, which is moving things from Derby, IBM and the Institute of Life Science, Corus and Boots. On the telecoms side, at one time, there was a relationship with Motorola and British Telecom for research and development in Swansea, which was linked to the university. Do you want to give us an overview of your relationship with Corus, IBM, BT and Motorola? If those relationships still exist, what potential do they have to supplement what you mentioned about Boots, Rolls-Royce and IBM?

[136] **Professor Nielsen:** The relationship with BT is ongoing. Most of the research and development activity in BT is done in east England, in Martlesham.

[137] **Rhodri Morgan:** It is in a big field outside Ipswich. It was a catastrophic decision for them to move from Dollis Hill, but never mind.

[138] **Professor Nielsen:** I remember Dollis Hill. We have a BT project at Swansea

University's Institute of Advanced Telecommunications, and some of the people working there have very strong links with Martlesham. We are looking to engage one of the research and development directors who has retired from Martlesham. We hope that he will come to Swansea University to do research in networking areas, which would leapfrog the next generation of networks that are coming in. We are hoping that this would provide a counterbalance to all of the efforts going into Martlesham. That is one point, but the other point is that, although we may not get BT to move a large part of its research and development to Swansea, we will almost certainly get a research group to come over. We were talking about 12 engineers. That activity then reaches a point at which we can introduce this to SMEs in the region, which could then go to their purchasing departments and say, 'What services do you put out that we might be able to bid for?'. That is the BT activity, which is ongoing.

[139] **Professor Davies:** I am not in a position to formally announce any agreement with any other company, but discussions with a number of companies are well advanced, including in the telecommunications sector. You will understand the need for confidentiality about progress that has been made so far. The ones that have been specifically mentioned are all ones that are in the public domain.

11.00 a.m.

[140] **Rhodri Morgan:** I see that there are no other questions. Thank you for your paper and for your answers and Jan Nielsen's. As is the norm, we will send you a draft transcript for you to check your answers—and our questions, for that matter—for accuracy, so that the finalised record will have been checked by you before your part of it goes public. Thank you very much for your presence and contributions.

[141] That was the last item on the agenda, but we need to note paper 4—which we have referred to several times—which is the letter from the Deputy First Minister in relation to Eurostat and allied matters relating to the measurement of GDP.

[142] The next formal meeting of the committee will be on 18 May and will include evidence sessions with Jeff Cuthbert—I do not know whether Richard Davies will come back on that occasion—and other colleagues from the programme monitoring committee, and also with the UK vice-president of the European Investment Bank, Simon Brooks, who will refer to the JEREMIE fund and progress or otherwise on that front.

[143] Diolch yn fawr am eich presenoldeb Thank you for your attendance today.
heddiw.

*Daeth y cyfarfod i ben am 11.01 a.m.
The meeting ended at 11.01 a.m.*