

European & External Affairs Committee

EUR2 05-05 (p1)

Date: 16 June 2005

Time: 09:00 - 12.30

Venue: National Assembly for Wales, Cardiff Bay

Title: Minister's Report

Purpose

1. To provide an update on a range of issues arising since the last meeting of the Committee.

Recommendation

2. Members to note the content of the report.

Background

3. The Committee last met on 12 May. This paper provides an update.

First Minister's International Activities

12 May Lunch with the delegation from the Silesian Union of Municipalities and Districts - Along with other members of the Committee I joined the delegation for lunch which provided the opportunity to continue discussions following the earlier presentation.

16 May Meeting with Ambassador HE Indulis Berzins, Latvian Ambassador to the UK - I met His Excellency Indulis Berzins, Latvian Ambassador to the UK on his first visit to Wales. This was both a courtesy call and an opportunity to discuss the MOU between Wales and Latvia. The meeting was one element of a programme that included meetings with the Minister of Culture, Language and Sport, Assembly Government Officials and those from the wider partnership.

18 May Meeting with Ambassador HE Bela Szombati, Hungarian Ambassador to the UK - I met His Excellency, Bela Szombati on a courtesy call to build upon the cordial relationship with the Embassy. Amongst other issues we discussed the opportunities to develop trade between Wales and Hungary and this will now be taken forward by Wales Trade International.

19 May Meeting & Lunch with the Saudi Ambassador HE HRH Prince Turki Al-Faisal - Along with the

Minister of Culture, Language and Sport, Business Minister and the External Relations VIP Visits Team I met with the Saudi Ambassador - His Excellency HRH Prince Turki Al-Faisal on his first visit to Wales, the first Saudi Ambassador to visit Wales for at least 20 years.

19 and 20 May Attendance at the British Irish Council Meeting - I attended this meeting which was held in the Isle of Man and discussed Telemedicine with colleagues from other administrations. I will issue a Written Statement about the proceeding and circulate the final Communiqué to all AMs.

23 May Meeting & Lunch with the Argentinian Ambassador HE Mr Federico Mirre - I met and had lunch with the Argentinian Ambassador His Excellency Frederico Mirre and discussed a range of issues. The Ambassador also held discussions with Wales Trade International about the trade mission scheduled to visit Argentina later in the year. The Argentine Embassy hosted a food tasting in the canteen in Cathays Park. Rocky Trip, a new book charting the development of the Welsh colony in Patagonia was launched by the Minister for Culture, Welsh Language and Sport and the day ended with all parties attending the British Lions/Argentina Rugby match.

8 June Meeting & Lunch with HE Vahe Gabrielyan, Armenian Ambassador - I met with His Excellency Vahe Gabrielyan on his first visit to Wales.

13 June Address to the 'World Comes to Wales' Diplomat Conference - I addressed delegates including over 20 Ambassadors and High Commissioners at the 'World Comes to Wales' Diplomat Conference held in Cardiff for the first time after previously being held in Edinburgh and Belfast.

Other Issues

Joint Ministerial Committee (Europe) (JMC(E)) - 24 May

I was not able to attend JMC(E) due to prior commitments. Des Clifford attended on my behalf. The agenda items were the UK Presidency and the Working Time Directive.

Action Points Arising From The Last Meeting on 12 May: Annexes

In discussing the future financing of the EU, Members requested a note about the General Correction Mechanism. This is attached at Annex A.

Members requested a note on how the costs of policing UK EU Presidency events are to be met. This is attached at Annex B.

Members requested more information about the Youth Event taking place in Wales during the UK EU Presidency. This is attached at Annex C.

Rhodri Morgan AM
First Minister

EEAC FIRST MINISTER'S REPORT

Date	Assembly Minister/ Official/ Division	Event	Objectives	Outcomes
16 May 2005	First Minister Minister for Culture, Welsh Language and Sport	Meeting with Ambassador HE Indulis Berzins, Latvian Ambassador to the UK	Ambassador's first visit to Wales, courtesy call and opportunity to discuss MOU between Wales and Latvia	Wide ranging discussion on EU issues and policy towards EU neighbour countries. Reinforced commitment to collaborate on joint projects. The meeting was one element of a programme that included meetings with the Minister of Culture, Language and Sport, Assembly Government Officials and those from the wider partnership.
18 May 2005	First Minister	Meeting with Ambassador HE Bela Szombati, Hungarian Ambassador to the UK	A courtesy call and opportunity to build upon cordial relationship with the Embassy	Discussions centred on the opportunities to develop trade between Wales and Hungary that will be now taken forward by Wales Trade International.
18 May 2005	Minister for Culture, Welsh Language and Sport	Dinner with Ambassador HE Prince Turki Al Faisal Saudi Ambassador to the UK	Minister attended as Welsh Assembly Government Representative	The Minister met the Saudi representatives and represented the Assembly Government

<p>18 May 2005</p>	<p>Minister for Finance, Local Government and Public Services</p>	<p>Meeting with 3 students from Stockholm University of Planning</p>	<p>To interview a politician on regional structure - Co-ordination of national, regional and local planning. Key elements in strategic planning. The urban hierarchy and the roles of town's villages and dispersed settlement and planning ideologies and in the absence of Carwyn Jones, Sue Essex agreed to meet with them.</p>	<p>The students were happy with their interview.</p>
<p>19 May 2005</p>	<p>First Minister Minister for Culture, Welsh Language and Sport, Business Minister External Relations VIP Visits Team</p>	<p>Meeting & Lunch with the Ambassador - HE HRH Prince Turki Al-Faisal Saudi Ambassador to the UK</p>	<p>Ambassador's first visit to Wales, in fact first Saudi Ambassador to visit Wales for at least 20 years.</p> <p>Ambassador in Wales for 6 days – 3 in North Wales & 3 in South.</p> <p>Prince's father visited Wales in 1919 so the Prince visited some of the same places (Snowdon, Caernarfon Castle). He held a business seminar for Welsh companies working in/with Saudi. Meetings with the First Minister as well as Saudi students studying in Wales. Culture Minister attended a dinner hosted by the Prince and Business Minister attended the lunch hosted by the First Minister</p>	<p>The Ambassador advised that his visit to Wales was very successful. He was particularly pleased with the male voice choir, which sang at Portmeirion, & his visit to Rhondda Heritage Park.</p> <p>The Royal Mint was delighted to have the opportunity to speak to the Prince as they had produced the last issue of Saudi coins</p> <p>The business seminar worked well from the companies' point of view as it gave them an opportunity to speak to the Prince, Commercial Attaché & members of the Embassy direct about the challenges of trading in Saudi.</p> <p>Dinner hosted by the Prince was well attended. The Assembly Gov't was represented by Alun Pugh</p>

19 - 20 May 2005	First Minister	Attend the British Irish Council meeting – Isle of Man.	To discuss Telemedicine with colleagues from other administrations.	A useful discussion with colleagues from other administrations about Telemedicine. I will issue a Written Statement about the proceeding and circulate the final Communiqué to all AMs
19 May 2005	Minister for Education and Lifelong Learning Judith Cole HED	Bologna Ministerial Conference, Bergen	The Bologna Process aims to create a high class European Higher Education Area by 2010. It encourages European countries to reform their higher education systems and make them more competitive; it promotes close collaboration between HEIs across Europe and increased mobility for students, researchers and staff. This 4th ministerial summit marks the half way mark and will take stock of progress and set the steps for the next 2 years. The Minister’s attendance is intended to raise Wales' profile and encourage continued and increased engagement in the process.	The Conference set the priorities for the next 2 years. These included implementation of the national frameworks for qualifications where Wales, like Scotland is in a strong position, as well as further work on quality assurance, awarding and recognition of joint degrees and arrangements for taking stock at the next ministerial conference in 2007.
20 May 2005	Minister for Finance, Local Government and Public Services	Visit to Denmark	The UK is currently undertaking a review of its local taxation system and it was useful to compare and contrast their system with ours and consider this information when formulating our response to the review underway here. Also	Meetings were successfully held with: Leif Jeppesen, Director of Taxation with Copenhagen Municipality, Mr ib Kok Henson, Local Government Official from the Ministry of Interior and Health Asger Munk, Special Advisor to Ministry of

			<p>to consider the form of local taxation Denmark</p> <p>used including the fairness of the system, ability</p> <p>to pay and benefits, the proportion of funding</p> <p>provided to local government via central and local</p> <p>sources, Other local taxes (i.e. business rates)</p> <p>local grants</p>	<p>Refugees, Immigrants and Integration</p> <p>Peter Gorm Hensen of the LDGK (equivalent to our WLGA)</p> <p>A good understanding of the system used in Denmark was gained along with an understanding of the practical issues of using such a system. This information will be included in our response to the Lyons Review.</p>
23 May 2005	<p>First Minister</p> <p>Minister for Culture, Welsh Language and Sport</p> <p>External Relations VIP Visits Team</p>	<p>Meeting & Lunch with Ambassador HE Frederico Mirre Argentine Ambassador to the UK</p>	<p>Discussions with both parties regarding a range of Welsh/Argentinian issues</p> <p>Discussions with Wales Trade International regarding the trade mission visiting Argentina later in the year</p> <p>Argentine Embassy laid on a food tasting in the canteen in Cathays Park</p> <p>Book about Patagonia launched by Culture Minister</p> <p>All parties attended the British Lions/Argentina Rugby match</p>	<p>Very successful visit:</p> <p>Book launch by Alun Pugh attended by 45+ people</p> <p>First Minister held private meeting with Ambassador Mirre</p> <p>Rob Thomas, WTI met with both Ambassadors and discussed the trade mission to Argentina</p> <p>Food and wine fair held in CP2 was attended by a large number of staff</p>

24 May 2005	Minister for Education and Lifelong Learning	Meeting with Diane Morcom, Secretary to New Zealand Cabinet	For Diane Morcom to gain a better understanding of how Cabinets views are communicated to civil servants and Ministers views on the role of the cabinet secretary.	Ms Morcom was pleased with her discussions.
3 June 2005	No Ministerial involvement but senior Health Division colleagues meeting	Visit of a group of clinicians from Trinidad	Wish to learn from 5 main areas of South Wales expertise: Burns and plastics Pharmacy ICU Day Surgery Pathology	Visitors had useful meetings with: Chief & Deputy Pharmaceutical Advisers Stuart Marples, Regional Director Mid & West Wales Regional Office Health & Social Care Dr David Salter, Acting Chief Medical Officer
8 June 2005	First Minister	Meeting & Lunch with Ambassador HE Vahe Gabrielyan, Armenian Ambassador to the UK	Ambassador's first visit to Wales – met with First Minister and students studying in Wales.	Essentially a courtesy call. Areas of commonality between Wales and Armenia were discussed. The Ambassador highlighted the surplus of healthcare professionals in Armenia. Embassy to confirm the detail in writing to Gary Davies, EEAD in due course
9 June 2005	Minister for Culture, Welsh Language and Sport	Venice Biennale	To support the work of Welsh artists represented.	Raised profile of Wales and Welsh artists.

13 June 2005	First Minister	Address the 'World Comes to Wales' Diplomat Conference	To welcome Diplomats to Wales and enable them to gain first hand knowledge of Wales, in particular the implications of devolved government and the opportunities Wales has to offer.	No outcomes yet available.
16 June 2005	Minister for Education and Lifelong Learning Neil Thomas Lifelong Learning Division	EARLALL Seminar – Brussels	This EARLALL seminar focussed on enhancing interregional co-operation in the development of European lifelong learning policies. The event was targeted at Commission officials, Members of the European Parliament, Members of the Committee of the Regions and Members of the Economic and Social Committee. The event sought to explore how European regions can influence European policy independently of member states and to further raise the profile of EARLALL.	A raised profile for EARLALL and regional governments generally in the development and implementation of European Union policy.

General Correction Mechanism

This note has been prepared by HM Treasury.

Calculation of the current UK rebate

The Financial Perspective process sets the overall EU budget envelope for a seven-year period. Member States' contributions to the financing of the budget are determined separately by the Own Resources Decision, which, unlike the FP is not time limited. The current ORD sets out the sources three sources of funding to the budget - Traditional Own Resources (customs duties, levies on agricultural products), the VAT-based resource and the GNI-based resource. The ORD (and supporting documents) also defines the correction that is applied to Member States' shares of financing of the budget to give the UK its abatement, as well as the 'abatement on the abatement' for DE, SE, NL and AT.

The UK abatement is calculated a year in arrears. The rebate received in 2005 will be equal to 66% of the difference between the UK gross contribution to the EU budget and total receipts in 2004. The definitions of gross contributions and receipts used in the calculation of the rebate are complicated but

this basic definition still holds. These complexities are the same issues that cloud the calculation of net balances: the 'Commission method' for net balance calculations systematically underestimates net contributions, especially for the UK and NL. We therefore use the more straightforward 'accounting method'.

The UK rebate (as with the other corrections described in this paper) works on the financing side of the budget. Financing the budget is a zero-sum game that is independent of the size of the budget. Therefore although the value of the abatement is affected by expenditure policy it does not itself alter the overall budget: the rebate alters all Member States' financing shares and does not score as a receipt to the UK.

The Commission proposal

The Commission proposed in July 2004 to replace the UK abatement with a 'Generalised Correction Mechanism'. In the GCM, all net contributors receive a rebate equal to 66% of their net contribution above a threshold of 0.35% GNI (i.e. a country with a net balance of 0.40% of GNI would receive a rebate equal to 66% of 0.05% GNI). The Commission proposal however suggested limiting the total amount of rebates available to all net contributors to EUR7.5bn. If Member States together qualify for rebates totalling more than this amount the 66% is reduced to scale the total down to EUR7.5bn.

Needless to say this would be very expensive for the UK. Instead of receiving a rebate of 66% of its net contribution it would receive a rebate of 66% of its net contribution over 0.35% - less if the total rebate maximum were reached. In addition, the cost of the UK rebate is currently split between the other 24 Member States. Under a GCM the UK would contribute to its own rebate in proportion to the UK share of EU GNI. Overall the effect would be to double the UK annual net contribution by 2013.

The UK government has rejected the GCM as a replacement for the abatement. First, the abatement does not need replacing: given the continuing inequities and inefficiencies on the expenditure side of the budget the abatement is fully justified and not up for negotiation. Secondly, the GCM does not, as the Commission claims, make Own Resources any "fairer" - in fact it widens the already considerable disparities between net contributors to the EU budget and ignores the continuing anomaly whereby we have some very rich net recipient member states.

Note on Policing EU events

This note has been provided by the Home Office and the FCO.

In general terms a Special Grant may be considered when the additional costs

incurred by a force are more than 1% of a police authority's annual budget. This

threshold may be waived for security policing. Police authorities are not automatically

entitled to Special Grant and decisions regarding its allocation are made at the Home

Secretary's discretion.

Examples of approved requests are: for policing the main party conferences, special investigations like Soham, national events like the Millennium Stadium costs for football.

Police authorities should write to the Home Office outlining their case for additional funding.

In the case of UK Presidency events, there is no policy for making additional funding available to the police other than through the Special Grant arrangements.

UK Presidency of the EU 2005

Cardiff Youth Event

1. The Welsh Assembly Government on behalf of the UK Presidency is hosting the Youth Event at Cardiff City Hall over 24-27 October 2005. The event will coincide, and link up with, a meeting of Director Generals (Youth) on 27-28 October 2005.
2. Youth Events are held in each Presidency and aim to give young people a voice in European policy-making. The Cardiff Youth Event will encourage the exchange of information, experience and good practice in promoting the participation of young people in civic life – a priority theme within the process of European co-operation on youth policy, known as the open method of co-ordination (OMC). The European Commission largely drives the theme, however there is scope for the Presidency to tailor the discussions to reflect local practice in the UK and other member states. We will be using this opportunity to focus on participation in Wales wherever possible.
3. The focus will be the participation of young people in civic life – the life of their communities, the local, the regional and the grassroots – effectively grounding what is a high level process in the concrete reality of youth participation at local and/or regional level. If the common objectives are to be achieved, local and regional level actors must be fully engaged.
4. It also sits within the overarching "Achieving the Lisbon goals" theme of the UK Presidency as the event will highlight: how young people's participation in local life contributes to their acquisition of skills and competencies, relevant to the work place, and can help combat social exclusion.
5. The 'selection' of young people who attend these events is largely out of our control since the criteria is determined by the European Commission, which is also the principal funder. Each member state is allocated space for two young people – one from a recognised national youth organisation and one from local community level. This does not fit with the internal political geography of some member states and

can and does cause difficulties. For example, the UK's structure adds up to 4 representatives. An added factor is that the 'core' of the youth event is always made up of representatives from the European Youth Forum (EYF). As the internal constitution of the EYF follows the constitution of the EU - 25 member states - it cannot reflect the actual political geography of many member states. The EYF also tends to attract young people who are very active in European political circles and have an eye to a future job in that area.

6. With this in mind we have broken tradition and negotiated with the EU Commission an additional 20 delegates from the UK (8 from Wales; and 4 from each of the other home countries. Notably, the Commission has also agreed to fund these places. We are now working on ensuring that these young people come from a diverse range of backgrounds. The last thing we want to see is an elitist event.