

European & External Affairs Committee

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Date: 18 January 2006

Time: 09.00 – 12.00

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. That members note the content of the report.

Background

3. The Committee last met on 24 November 2005. This paper provides an update.

First Minister's International Activities

- 25 November 2005 Meeting of the Canada-United Kingdom Colloquium

I spoke at the dinner hosted by the colloquium, which, held its annual meeting in Wales for the first time. The bilateral organisation brings together parliamentarians, officials, businessmen, academics and members of the media, of both countries, to share views and discuss matters of public policy and mutual interest. It also publishes research on each of the topics under discussion. The theme of this year's colloquium was "Cities and National Success." The Minister for Finance, Local Government, and Public Services, Sue Essex AM, gave the opening address at the Conference.

- 8 December 2005 Visit of Prince Seeiso Bereng Seeiso, High Commissioner for Lesotho

I met Prince Seeiso Bereng Seeiso, High Commissioner for Lesotho, on his first official visit to Wales. We discussed developing relationships, particularly in regard to health and education links, between Wales and Lesotho.

- 14 December 2005 Visit of His Excellency Jan Winkler, the Czech Republic Ambassador to the UK

I met His Excellency Jan Winkler, the Czech Republic Ambassador to the UK, who was making his first visit to Wales. He announced the appointment of an Honorary Consul to the Czech Republic in Wales and we explored cultural and educational links between the two countries. He also met the Minister for Economic Development and Transport and had discussions with representatives of Welsh companies, Wales Arts International and the University of Glamorgan.

Other Issues

- Brussels European Council: 15/16 December

Financial Perspectives

The agenda was dominated by the agreement reached on a new European Union Financial Perspective for the six-year period commencing in 2007.

Member States agreed that there will be a Structural and Cohesion Funds budget of 308 billion euros, representing 0.37% of EU GNI, for the 2007-2013 Financial Perspective. This will be focused on three new objectives: a Convergence Objective for regions with a GDP below 75% of the EU average; a Competitiveness Objective for other regions; and a Co-operation Objective for cross-border and transnational projects.

It is estimated that the UK will receive a total of approximately 9.4 billion euros (2004 prices) in Structural Fund receipts from 2007-2013, in comparison with 16.6 billion euros (1999 prices) in the current Financial Perspective. Of this, the UK will receive approximately 2.6 billion euros in Convergence funding (old term Objective 1) and West Wales and the Valley's will receive full Convergence funding which is likely to be similar to current allocations. The remainder of Wales will potentially be eligible for the Competitiveness funding stream. It is important to note that these figures are only initial estimates. The precise figures will depend on final calculations that will be carried out by the European Commission once the Council and Parliament have reached a final Inter-Institutional Agreement on the budget.

A copy of my full written statement is at annex A.

EU Budget Review

As part of the budget deal the UK Presidency secured a commitment for a review of all aspects of the EU budget in 2008 led by European Commission President Barroso. It is anticipated that reform of the CAP and the British rebate will form part of this.

EU-Africa

The Council adopted the strategy "The EU and Africa: Towards a Strategic Partnership." The strategy puts emphasis on improving the political EU-Africa dialogue and holding a second EU-Africa summit. It agrees to regularly review progress.

Global Migration

The Council stressed the need for a coherent approach to combat illegal immigration and to take advantage of legal migration. The EU will strengthen its dialogue with third countries, particularly those neighbouring the EU to the south and east. The Council emphasised the EU's commitment to tackle the root causes of migration by creating opportunities for employment, eliminating poverty in countries of origin, opening up of markets, promoting economic growth, good governance and protecting human rights. It adopted the Commission paper: "Global approach to migration: Priority actions focussing on Africa and the Mediterranean" and asked the Commission to report on progress at the end of 2006.

Counter Terrorism

The Council adopted the EU Counter –Terrorism Strategy which seeks: to prevent the spread of radicalisation and the recruitment of terrorists; to protect EU citizens and infrastructure; to enhance co-operation in order to pursue and investigate terrorists; and to improve the response to the consequences of attacks. The Council will discuss progress at its June 2006 meeting.

Macedonia

The Council granted candidate country status to Macedonia.

- World Trade Organisation: Hong Kong Talks

While there was relief that the meeting did not end in failure like Cancun and Seattle there was widespread disappointment that more progress was not made. Farm export subsidies will progressively be phased out by 2013. However, there has been no agreement on import tariffs. Developed countries will phase out export subsidies for cotton but there is no agreement on a date for including domestic subsidies for US farmers. The poorest countries will also get quota free and duty-free access to global markets for 97% of their goods. Real work will now need to be done to complete the round in 2006.

- New Regional Aid Guidelines

The European Commission has now published its new Regional Aid Guidelines, which determine the Assisted Areas Map. West Wales and the Valleys has qualified as an Article 87(3)a area which means that it will remain possible to support the investment plans of companies located there. The Guidelines also establish the criteria through which Member States may now propose areas for designation as

Article 87(3)c areas. It is anticipated that there will shortly be a UK wide consultation process aimed at determining the extent of these additional areas and officials are directly engaged with their UK Government counterparts in shaping the way forward. A more detailed account of the implications for Wales of these developments will be produced once further detail emerges of the course that this UK process will follow.

European News

- EU sees Ukraine as market economy – At a summit meeting held between the EU and Ukraine in early December, the first since the Orange Revolution a year ago, market economy status was granted to Ukraine. EU leaders also backed Ukraine’s bid to join the World Trade Organisation. Ukraine had hoped to join the WTO this year, but its parliament failed to pass all the necessary legislation. The summit was held on the same day that an EU mission to monitor Ukraine’s border with Moldova started work. More than 100 officials are being deployed in the area, which includes the territory of Trans-Dniester, which broke away from Moldova. It is hoped the project will help prevent the trafficking of weapons, drugs and people.
- Member states must do more to open energy markets – A report from the European Commission on the functioning of the internal market in gas and electricity has criticised member states for not doing more to implement effectively the market opening measures under the European Union’s gas and electricity directives. The European Commission intends to continue its competition energy sector inquiry and identify adequate remedies, that may include action under the EC Treaty’s rules on restrictive business practices, monopolies and state aids, and a possible revision of EU merger rules.
- Health Council - Europe's Health Council has backed plans to increase the production of children's medicines. The law would oblige firms producing a drug for adults in the European Union to test if it can also be used for children. It would also give firms an incentive to produce children's drugs by adding six months to the patent protection period. At present more than 50% of the drugs prescribed to children have not been tested for paediatric use. The regulation on medicinal products for paediatric use must be passed for a second time by the European Parliament and could become law by 2007.

Rhodri Morgan AM
First Minister

EEAC First Minister's Report

Date	Assembly Minister/ Official/ Division	Event	Objectives	Outcomes

<p>24 Nov 2005</p>	<p>Minister for Assembly Business, Equalities and Children;</p> <p>Minister for Finance, Local Government and Public Services</p>	<p>Women in Politics Conference - Job shadowing</p>	<p>Jane Hutt AM, Minister for Assembly Business, Equalities and Children addressed the Conference to share her personal reflections on being a successful female politician. The Minister was later shadowed by Dr Habiba M Lawal, Director of Womens Affairs, Federal Ministry of Women Affairs, Abuja, Nigeria and Ms Irena Selisnik, Researcher in the Department of Sociology, University of Ljubljana, Slovenia.</p> <p>The Minister for Finance, Local Government and Public Services was shadowed by Hon. Eudine Job-Davis, MP for Trinidad and Tobago, Minister for Community Development, and Mr Tariq Saleem Masarweh (Jordan). Hon Eudine Job-Davis is also a member of the Commonwealth Women Parliamentarians Steering Committee, representing the Caribbean, Americas and Atlantic Region.</p>	<p>The guests appreciated a unique opportunity to get a first-hand insight in to one of the 'working days' of leading Members of the Welsh Cabinet.</p>
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25 Nov	First Minister; Minister for Finance, Local Government and Public Services	Meeting of the Canada-United Kingdom Colloquia	The Minister for Finance, Local Government and Public Services gave the opening address at the first Canada-UK Colloquium to be held in Wales. The First Minister spoke at the gala dinner. The bilateral organisation brings together parliamentarians, officials, businessmen, academics and members of the media, of both countries, to share views and discuss matters of public policy and mutual interest.	
29 Nov 05 to 30 Nov 05	Minister for Education and Lifelong Learning	Mobilising Experience conference, Hilton Hotel, Cardiff	<p>The objectives agreed for this conference were to:</p> <ul style="list-style-type: none"> · Raise awareness of the proposed Integrated Lifelong Learning programme for 2007-2013 and of current EU-funded lifelong learning projects; · Share experience on successful methods to harness and exploit results from such projects; 	<p>Workshop groups looked at a number of case studies in order to apply lessons learned to one of four themes:</p> <ul style="list-style-type: none"> · Responding to real user needs; · Building links through cross-programme fertilisation; · Improving visibility and accessibility of results; and · Using dissemination and exploitation to transform

· Identify tools needed to help practitioners and policy makers to identify what has and has not worked in the past, to adapt results and findings to other contexts, and help others to exploit their own results;

· Stimulate debate on ways of improving conditions necessary for dissemination and exploitation and enhancing the applicability of results;

· Open up discussion on the most appropriate roles of different stakeholders in harnessing and disseminating good practice;

· Help shape the European

systems.

The event helped to inform both the Commission and delegates from member states on the benefits of dissemination and exploitation as part of the process of negotiating and agreeing the new Integrated Lifelong Learning Programme and other programmes in education and lifelong learning. It also fed into the objective of analysing how improving the skills of the European workforce would contribute to increased productivity, as well as adding to discussion on education and training's contribution to competitiveness and social inclusion under the Lisbon agenda.

Early conclusions from the event show a need for greater understanding of the means and benefits of dissemination and exploitation, especially as it affects projects from other programmes, and the need for effective and sustainable ways to keeping information available to future project managers and policy makers.

			Commission's strategy and guidelines for future project promoters and policy makers.	
30 Nov 05	Minister for Education and Lifelong Learning	Meeting with Gianfranco Simoncini, Deputy Minister for Education, Training and Employment, Region of Tuscany	The Minister wished to take advantage of Snr Simoncini's attendance at the above conference to discuss the structures of the Welsh and Tuscan education systems and to explore possible areas of further co-operation between the two regions.	<p>Both Ministers gained a better understanding of the systems and the pressure points in each region – for example, the Italian national government plans to take control of secondary (academic) education from the regions. They agreed to explore:</p> <ul style="list-style-type: none"> · Contacts between officials on using knowledge/ research to drive economic growth; · Sharing information on 14-19 pathways; · A possible visit by ELL Minister to Tuscany to the National Research Centre in Pisa

<p>7 Dec 2005</p>	<p>Minister for Culture, Welsh Language & Sport;</p> <p>Minister for Education and Lifelong Learning;</p> <p>Deputy Minister for Health and Social Services</p>	<p>Visit by Secretariat and Committee of Experts, European Charter for Regional or Minority Languages</p>	<p>As part of the second review of the implementation of the Charter in relation to Welsh, the Committee of Experts undertook an "on the spot" visit to the UK to receive oral and written submissions from relevant stakeholders.</p>	<p>Oral submissions provided by Ministers and officials at the meeting. This is to be followed by written submissions within 30 days. The Committee of Experts is expected to publish its Report in the Spring of 2006.</p>
<p>8 Dec 2005</p>	<p>First Minister; Minister for Education and Lifelong Learning;</p> <p>Minister for Health and Social Services.</p>	<p>Meeting with Prince Seeiso Bereng Seeiso, High Commissioner for Lesotho.</p>	<p>This was the first official visit to Wales of Prince Seeiso Bereng Seeiso, High Commissioner for Lesotho. He was keen to meet leading political figures and members of the Commonwealth Parliamentary Association (representatives visited Lesotho in October 05). He also wished to develop the relationship between Wales and Lesotho - essentially based on health and education links – developed by Dolen Cymru.</p> <p>The respective Ministers held separate meetings with the High Commissioner.</p>	<p>A possible visit by the Lesotho Education Minister to Wales</p>

14 Dec 2005	First Minister; Minister for Economic Development and Transport	Visit of the Czech Republic Ambassador to the UK	This was the first visit to Wales by the Czech Ambassador. He announced the appointment of an Honorary Consul to the Czech Republic in Wales, met businesses wishing to trade with the Czech Republic and explored cultural and educational links.	Meetings were arranged for the Ambassador with the Minister for Economic Development and Transport, Welsh companies, Wales Arts International and the University of Glamorgan.
15 Dec 2005	Minister for Education and Lifelong Learning	EARLALL Board meeting	The Minister attended the EARLALL Board meeting in Brussels in her capacity as Vice President of the Association. Membership of EARLALL provides a valuable opportunity for European regions to work together on strategies and programmes for lifelong learning. The Minister will table two papers, one proposing a draft EARLALL response to the Commission's consultation on the European Qualification Framework, and another seeking the Board's agreement to an EARLALL paper on the Transversal Strand of the new Integrated Lifelong Learning programme.	The Minister's attendance and status at these meetings further cements relationships with the other EARLALL regions and provides an opportunity for raising the profile of Wales within Europe. Through membership of EARLALL we are also undertaking work on a number of collaborative projects with EARLALL partner regions. The Association works to influence the Commission on important policy issues and highlight the important role that regional governments have to play within European policy .

16-19 Dec 2005	Minister for Environment, Planning and Countryside	HCC Trade Mission	<p>To assist Hybu Cig Cymru in developing export opportunities for Welsh Lamb to Dubai and the U.A. E in general. Through a series of meetings with the Head of State, Deputy Head of State plus the Health and Agriculture Ministers.</p> <p>The Minister also met local business men and general managers of the major hotels as potential purchasers of Welsh Lamb.</p>	<p>Too early to say whether the trip has met all its objectives. It is hoped that many of the technical issues surrounding animal health will be cleared up. This being the case, then we would have taken a major step forward in opening up the market to Welsh Lamb.</p>
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Written Statement by the First Minister

Implications for Welsh Structural Funds Arising from the European Union Budget Agreement

Following intense discussions at the end of last week, agreement was reached on a new European Union Financial Perspective for the seven-year period commencing in 2007. As part of this wide-ranging agreement, the West Wales and Valleys region will remain eligible for Objective One funding (re-branded "Convergence" for the new Programme) for the period 2007/2013. The rest of Wales will potentially be eligible for the "Competitiveness" funding stream and there will be continued opportunities for transnational initiatives of the Interreg type.

The retention of Objective One funding in Wales for a further seven years, with every likelihood of a further transitional Programme for the 2014-2019 period, will provide a significant boost to economic development in Wales. Early next year there is a real prospect of statistical evidence from Eurostat confirming a rise in levels of Welsh prosperity. A combination of rising prosperity and continued investment in skills and infrastructure provides the best possible basis for further improvement in the Welsh economy.

The agreement includes a provision to review EU spending as a whole in 2008/09. It plainly makes sense for any organisation to re-examine periodically its spending priorities and I welcome this plan. I am also particularly pleased to see the proportion of money ear-marked for research set to rise through the next spending period. This will enable researchers, companies, universities and government research institutions in Wales to extend their research capacity and so help build up more wealth in the knowledge-based sector of the economy.

The UK Government has agreed to modify the terms of the UK EU abatement in order to contribute, with others, the necessary level of structural investment for the ten countries which joined the EU last year. The essential components of the "historic" rebate remain in place and the UK rebate in total will rise, not fall, during the next budget period.

Getting the Budget agreed provides a significant boost to the preparatory work already well underway for the new round of Programmes. In conjunction with our partners in the private, public and voluntary sectors we now have a full 12 months to continue to take forward our preparations before the Programmes are due to start at the beginning of 2007. The previous preparatory period in 1999 was too short. The late agreement of the EU Budget then meant we only had a short time to finalise Programmes, leading to delays to getting Programmes agreed prior to the official start date of 1 January 2000.

For the new round of Programmes I am pleased to say that we have moved on from the unique Barnett Plus deal secured with the Chancellor of the Exchequer to provide additional funding to Wales. We can now look forward to stability of funding for the 2007-13 Programmes with the Chancellor's announcement in his recent

Pre-Budget Report that he will treat EU funding as a direct receipt to the Assembly budget. This will link our spending power directly to the resources received from the EU and there will no longer be a need to negotiate with the UK Government a Barnett Plus arrangement.

Whilst the Commission's proposals for the Regional Aid Guidelines which will apply from 2007 –2013 are quite separate from the EU Budget, the agreement of the Budget means that businesses located in West Wales & the Valleys (WWV) will continue to be able to benefit from the highest level of investment support available in the UK. WWV is only one of two areas in the UK to retain Article 87 3 (a) status, with Cornwall and the Isles of Scilly being the other. There will also be a lower level of grant aid available in parts of East Wales which will be determined in the Spring.

The Prime Minister, acting in his Presidency role said that "a very severe crisis had been avoided". Any budget negotiation is concluded through compromise and this deal ends months of uncertainty and potentially further months of grief. I believe the agreement brokered by the UK Presidency is in the interests of Wales, the UK and of Europe as a whole.