

National Assembly for Wales
European and External Affairs Committee

Legacy report

March 2011



The National Assembly for Wales is the democratically elected body that represents the interests of Wales and its people, makes laws for Wales and holds the Welsh Government to account.

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European and External Affairs Committee

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March 2011



European and External Affairs Committee

The Committee may consider and report on any matters relevant to the exercise by the First Minister, Welsh Ministers, the Counsel General or the Assembly of any of their functions relating to the European Union or external affairs.

Powers

The Committee was established on 26 June 2007. Its powers are set out in the National Assembly for Wales's Standing Orders, particularly SO 18.1. These are available at www.assemblywales.org

Current Committee membership



Rhodri Morgan (Chair)
Cardiff West
Labour



Nick Bourne
Mid and West Wales
Welsh Conservative Party



Eleanor Burnham
North Wales
Welsh Liberal Democrats



Jeff Cuthbert
Caerphilly
Labour



Rhodri Glyn Thomas
Camarthen East and
Dinefwr
Plaid Cymru

The following Members were also members of the Committee during its existence:



Christine Chapman
Cynon Valley
Labour



Nerys Evans
Mid and West Wales
Plaid Cymru



Mike German
South Wales East
Welsh Liberal Democrats



William Graham
South Wales East
Welsh Conservative Party



Gareth Jones
Aberconwy
Plaid Cymru



Val Lloyd
Swansea East
Labour



David Melding
South Wales Central
Welsh Conservative Party



Sandy Mewies
Delyn
Labour

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Overview – Taking a Strategic Approach

1. The European and External Affairs Committee (EEAC) was established in the 3rd Assembly under Standing Order 18, its remit being to “consider and report on any matters relevant to the exercise by the First Minister, Welsh Ministers, the Counsel General or the Assembly of any of their functions relating to the European Union or external affairs.”
 2. The Committee met a minimum of 13 and a maximum of 16 times per year during the last three years of the 3rd Assembly. Members recognised the importance of intervening at the earliest possible stage of development of European proposals, and selecting inquiry topics according to significance to Wales; the Committee’s power to influence and the resources required for scrutiny.
 3. From January 2009 the Committee adopted a strategic approach to its work with four strategic themes:
 - Scrutiny of the Welsh Government, including monitoring implementation of EU existing legislation, its position on new EU proposals and its position on external affairs;
 - Pursuing key strategic EC proposals;
 - Monitoring specific on-going European legislative proposals including subsidiarity implications;
 - Understanding and participation - including the National Assembly for Wales’ approach to external relations.
- Added together, and successfully delivered, this approach would raise the profile of EU and wider issues.
4. The European Commission’s annual work programme was the starting point for identifying most priorities for scrutiny. The Committee also agreed that it would seek cooperation from the Welsh Government and/or other legislatures in screening UK government explanatory memoranda for devolved interests and subsidiarity implications.
 5. The Committee’s approach has enabled it to give high visibility to Welsh concerns at the European level, and provided a platform for elected Members and Welsh stakeholders to get their sixpenny worth

of contribution at the critical early stage of policy formulation to head off the adverse and promote the positive potential for Wales. This has included direct dialogue with the European institutions, including European Commissioners such as the Commissioner for Financial Programming and Budget.

Work Priorities 2007-2011

Scrutiny Inquiries

European Investment Bank (EIB)

6. In 2007 the Committee explored the opportunities offered by the European Investment Bank for funding infrastructure projects in Wales, and lessons to be learnt from other UK and European regions. The Committee took further evidence from the EIB in May 2010 on loan instruments, as part of its inquiry into the future of Cohesion Policy.

Common Agricultural Policy (CAP) Health Check

7. On 20 May 2008 the European Commission published proposals to amend the delivery of the Common Agricultural Policy (CAP) for the period 2009-2013, as part of its CAP 'Health Check'. The Committee took evidence from the European Commission, the Welsh Minister for Agriculture, farming unions and other key stakeholders and adopted a report in October 2008.

All-Wales Programme Monitoring Committee

8. The All-Wales Programme Monitoring Committee (PMC) is responsible for monitoring the implementation of the Structural Funds Programmes for Convergence and Regional Competitiveness and Employment (ERDF and ESF) in Wales. The Chair of the PMC, Jeff Cuthbert AM, also a Member of EEAC, provided the Committee with regular formal updates on the PMC's work, supported by officials from the Welsh European Funding Office and members of the PMC.

The Treaty of Lisbon and Subsidiarity Monitoring

9. The Committee monitored the progress of negotiations towards the Treaty of Lisbon, which was ratified in December 2009. Of particular interest was the strengthened subsidiarity protocol in the Treaty, which for the first time gave recognition to a formal role in the EU decision-making process for 'regional parliaments' like the National Assembly for Wales. The Committee undertook a Subsidiarity inquiry in advance of the Treaty coming into force. Evidence was taken from Andrew Duff MEP, the Secretary General of the Committee of the

Regions, the European Commission and Cardiff University, and a report was published in March 2009.¹

10. The Welsh Government initially rejected the Committee's recommendations to:

“make available in a timely manner all UK Government Explanatory Memoranda on European legislative and policy proposals of relevance to Wales”; and to

“...produce for the Committee a Welsh Assembly Government version of each Explanatory Memorandum, explaining its views on all new proposals that have devolved consequences and the implications they will have for Wales.”

11. Agreement was subsequently reached in May 2010 for the Welsh Government to provide the information required to facilitate the Committee's part in the EU legislative scrutiny process. The Welsh Government began to forward final Explanatory Memoranda (EMs) that included its views on subsidiarity matters, to the National Assembly for Wales, at the same time as these were provided by HMG to the UK Parliament. The EMs were e-mailed to an in-box managed by the Members' Research Service, enabling the relevant Committee(s) to be alerted to any potential subsidiarity concerns.

12. The Committee continued to consider the operation of the Subsidiarity 'early warning system' throughout 2010, including the position of the UK national parliament and the approaches being adopted by other regional parliaments in Europe.² The Committee welcomed continued good relations between the staff of the European Committees of the UK legislatures in exchanging information on scrutiny matters. The Committee reviewed the operation of the Assembly's Subsidiarity monitoring mechanisms at its final meeting on 22 March 2011.

13. As part of a review of the Assembly's Standing Orders in advance of the 4th Assembly, the Committee sought a recognition of 'plenary-type' powers for the European and External Affairs Committee (or its equivalent in the 4th Assembly) to submit formal views to the UK Parliament on subsidiarity matters on behalf of the National Assembly

¹ <http://www.assemblywales.org/bus-home/bus-committees/bus-committees-other-committees/bus-committees-third-eur-home/bus-committees-third-eur-report.htm>

² EUR(3)-11-10: Paper 2

for Wales, and a recognised emergency or exceptional circumstances procedure to be adopted to cover those occasions when the 8-week consultation timeframe coincides with Assembly recess periods, i.e. for the function of reporting on a Subsidiarity concern to be delegated to the Chair of the responsible Committee. On 9 November the Assembly's Business Committee met in public to consider Standing Orders relating to Committee Business, and agreed, *in principle*, to proposed changes to Standing Orders to that effect. The Business Committee's report on the Review of Standing Orders was tabled on 9 March and the new Standing Orders,³ which will be effective from 5 May 2011, were agreed in plenary session on 16 March.

Draft Directive on Patients' Rights in Cross-border Healthcare

14. The Committee's report was published in July 2009.⁴ Its seven recommendations covered issues including prior authorisation, patient redress, and the importance of the UK Government taking account of the specific characteristics of the devolved healthcare system in Wales. The Welsh Government's response was laid on 30 September, giving an assurance that the Welsh position was being considered in planning for transposition of the final Directive. A plenary debate was held on 7 October 2009. Progress updates were received from the Welsh Government Minister for Health and Social Services and the Head of the Assembly's EU Office.

The Future of EU Cohesion Policy

15. While the Committee has no direct responsibility for scrutinising the delivery of Structural Funds or the terms for qualification to get assistance from them, the Committee engaged early in the debate on EU funding post-2013 and has conducted an ongoing inquiry, which started in January 2009. This inquiry incorporated scrutiny of the development of the successor to the Lisbon Strategy for growth and jobs, the **Europe 2020 Strategy**, and the **EU Budget Review**.

16. Christine Chapman AM, Assembly representative on the Committee of the Regions, presented an Opinion on the future of the Lisbon Strategy that was adopted in December 2009. The Committee also took evidence from the Deputy First Minister on the Welsh

³ Standing Orders 21.8 – 21.11

⁴ http://www.assemblywales.org/bus-home/bus-committees/bus-committees-other-committees/bus-committees-third-eur-home/eur_inquiries.htm

Government's engagement with the Lisbon strategy. Following publication of the draft EU2020 economic strategy for consultation, in December 2009 the Committee Chair wrote to President Barroso to express the Committee's concern about the lack of recognition in the strategy both of the important role of regional parliaments like the National Assembly for Wales, and of the importance of an EU-wide Cohesion Policy.

17. A first interim report on the future of Cohesion Policy was published in December 2009⁵ and the Committee began a second phase of evidence gathering from March 2010. A second report was published in July 2010,⁶ jointly with a report by the Assembly's Enterprise and Learning Committee on how the current 2007-2013 Structural Funds Programmes are being implemented in Wales.⁷

18. The inquiry was the focus of a formal meeting held at the Committee of the Regions in Brussels on St David's Day, 1 March 2010, with evidence from Welsh MEPs and the Chair of the European Parliament's Regional Development Committee, Professor Danuta Hübner MEP.

19. Recommendations were made to the Welsh Government, the European Commission, the European Parliament and members of European bodies and networks. The Welsh Government was asked to clarify how it would be making the case to the UK Coalition Government for continuation of an EU-wide Cohesion Policy, i.e. no 'renationalisation' of funding for West Wales and the Valleys as a flagging region within a 'rich' Member State, with continued access to Convergence support for qualifying regions, and transitional funding arrangements for improving regions. The report also called for prioritisation of training and skills in 'STEM' subjects (Science, Technology, Engineering and Mathematics), as part of a wider strategy to meet Welsh and EU-level objectives on higher level skills training and increasing R&D and innovation.

20. The plenary debate on the report on 10 November 2010 demonstrated the high level of consensus within Wales regarding the

⁵ <http://www.assemblywales.org/bus-home/bus-committees/bus-committees-other-committees/bus-committees-third-eur-home/bus-committees-third-eur-report.htm>

⁶ <http://www.assemblywales.org/bus-home/bus-committees/bus-committees-other-committees/bus-committees-third-eur-home/bus-committees-third-eur-report.htm>

⁷ <http://www.assemblywales.org/bus-home/bus-committees/bus-committees-scrutiny-committees/bus-committees-third-els-home.htm>

future policy. On 18 January 2011, officials from the UK Department for Business, Innovation and Skills and HM Treasury confirmed that the UK Government's position was not to oppose continued support for poorer regions of richer Member States for the funding period 2014-2020, with Member States having more flexibility in how the policy was applied. This was also in the context of the UK Government's efforts to contain the future EU Budget and keep it below inflation for the next Financial Perspective. The Committee strongly recommends that negotiations on the future EU Budget and the funding elements within it are held under scrutiny by the 4th Assembly.

21. The EEAC inquiry into the future of Cohesion Policy should also be considered in the context of related work on Welsh participation in other EU funding programmes,⁸ and inquiries by the Rural Development Sub-Committee on reform to the CAP,⁹ and the Enterprise and Learning Committee on implementation of Structural Funds 2007-2013.

European Year for Combating Poverty and Social Exclusion 2010

22. This inquiry looked at the participation of the Welsh Government and Welsh organisations in the European Year for Combating Poverty and Social Exclusion 2010. The report was published in May 2010¹⁰ and debated in plenary on 22 September 2010. Most recommendations focused on securing a strong legacy from this European Year 2010 and linking activities to existing Welsh policy initiatives for combating poverty and social exclusion. The Welsh Government accepted a request to report on its plans for future years, including the European Year for Volunteering 2011, and to allocate time for annual debate of each European Year. On 8 March the Committee received an update from the Minister for Social Justice and Local Government on the 2010 activities and plans for 2011.

⁸ <http://www.assemblywales.org/bus-home/bus-committees/bus-committees-other-committees/bus-committees-third-eur-home/bus-committees-third-eur-report.htm>

⁹ <http://www.assemblywales.org/bus-home/bus-committees/bus-committees-scrutiny-committees/bus-committees-third-rd-home.htm>

¹⁰ <http://www.assemblywales.org/bus-home/bus-committees/bus-committees-other-committees/bus-committees-third-eur-home/bus-committees-third-eur-report.htm>

Welsh participation in EU programmes for research, innovation and lifelong learning

23. This inquiry focused on the three largest funding streams outside Structural Funds and the Common Agricultural Policy, namely the Seventh Framework Research Programme for Research & Development (FP7), the Lifelong Learning Programmes and the Competitiveness and Innovation Framework Programme (CIP). The Committee sought to understand the extent of Welsh involvement in the programmes, the barriers and benefits, and to provide any policy recommendations. Evidence was taken from the Welsh Government, the Chief Scientific Advisor for Wales, and from the higher education, local government, business and third sectors. The Committee appointed an expert adviser, Dr Liz Mills, to provide additional support, and reported on 17 February 2010. Key recommendations were for the Welsh Government to review its strategy for Welsh participation in all EU funding programmes; to improve complementarity between the different funding streams; and to look at which models could work best to support and 'broker' project participation. The Committee's current expectation is that the Welsh Government will be in a position to respond before dissolution. The Committee will be expecting the response to concentrate on how to get wider adoption of already existing good practice in Wales and to give the areas of below par Welsh success special remedial attention.

The Priorities of the EU Presidencies

24. The main task of the country holding the Presidency of the Council of the European Union is to organise and manage the work of the Council, and to play an important role in negotiations with the other institutions of the Union, especially the European Parliament which, like the Council, has to give its assent to most European legislation.

25. The Presidency rotates every six months, albeit under the new Lisbon Treaty 'trio' system. Hungary currently holds the Presidency as part of a 'trio' which also includes Spain and Belgium. This is the first time three presidencies have performed their functions in accordance with the Treaty of Lisbon. It has been a regular practice of the Committee to receive an update on the priorities of each EU Presidency from its Ambassador in the UK. On 15 February 2011, the Hungarian Ambassador to the UK attended Committee to discuss progress. The

Committee has previously discussed EU Presidency priorities with the Ambassadors of: Slovenia (February 2008); Czech Republic (February 2009); Sweden (July 2009); Spain (February 2010); and Belgium (October 2010). Poland takes over the Presidency in July 2011.

Welsh MEPs and Committee of the Regions (COR) Representatives

26. Standing Order 18.2 specifically states:

“Members of the European Parliament representing Wales and the Assembly’s representatives on the Committee of the Regions may attend and, with the permission of the chair, speak at the Committee’s meetings, but they may not vote.”

27. The Committee made efforts to engage with both MEPs and all four Welsh representatives on the COR (two nominated by the Welsh Local Government Association and two by the National Assembly for Wales), who adopt a ‘Team Wales’ approach to their work in Brussels.

28. Regular updates were received on COR Members’ activities, most recently on 1 February 2011. Formal engagement with MEPs has historically been more difficult due to clashes between European Parliament and Assembly business. Welsh MEPs participated in a formal meeting in Brussels in March 2010, and took part in Cardiff meetings via video conference where possible.

National Assembly for Wales EU Office in Brussels

29. The Assembly’s EU Office in Brussels is co-located with Welsh Government, local government and higher education representatives in Wales House. The Head of the EU Office provided a regular briefing to Members for each formal Committee meeting, as well as producing a public-facing bi-monthly bulletin, called ‘Europe Matters’, highlighting all the Assembly’s Europe-related activities. The Head of the EU Office also briefed the Committee on the strategic priorities arising from the European Commission’s Annual Work Programme, monitoring developments on proposals and issues of significance to Wales, assisting the Committee in identifying witnesses for its inquiry work and regularly participating in meetings.

External affairs

30. The Committee’s strategic approach identified specific areas for scrutiny, including the Welsh Assembly Government’s engagement in

external affairs and its work to raise the profile of Wales internationally, and the National Assembly for Wales's engagement in external relations.

31. On 12 January 2010, the Committee was presented with an overview of the approaches of the Welsh Government and the National Assembly for Wales to international relations. The paper noted the 'One Wales' commitment to supporting the United Nations Millennium Development Goals, including through the Wales for Africa programme. In June 2010, the Committee held a meeting focusing on international matters, including the Wales for Africa International Development Summit. Evidence was taken from the Head of International Sustainable Development and Wales for Africa in the Welsh Government, the Small and Medium-sized Development Organisations in Wales Network (SMIDOS), and Oxfam Cymru. This underlined the success of the work carried out in Wales and Africa, and the value of the support provided by the Welsh Government, as well as a number of challenges, concerns, and suggestions for improvements.

32. On International Women's Day, 8 March 2011, the Committee received a presentation from the President and co-founders of Positive Women, a Welsh-based charity working to empower women in Swaziland affected by HIV and AIDS, Lord McConnell, who is patron of Positive Women, also attended the meeting and spoke about the Scotland Malawi Partnership and the role that devolved nations could play in tackling international development issues, global poverty and injustice.

33. Over the course of the third Assembly, the Committee has also received regular updates from Members representing the Assembly on the following external bodies: the Conference of European Regional Legislative Assemblies (CALRE), the British-Irish Parliamentary Assembly, and the Commonwealth Parliamentary Association (CPA).

Global Citizenship

34. In 2009, the Committee took evidence from Europe Direct centres and from CILT Cymru (a centre of expertise on language teaching) on the Welsh Government's consultation on promoting foreign languages and the promotion of related EU programmes. Correspondence with Ministers followed to raise a number of issues about how young

people in Wales are encouraged to be 'active global citizens' and live and work abroad.

Scrutiny of the First Minister and Welsh Ministers on EU and External Affairs

35. Throughout the Assembly, the Committee received regular reports from the First Minister on EU and external affairs developments of significance to Wales. These general scrutiny sessions were held approximately three times per year (once per term). Other Welsh Ministers were also invited in to give evidence to specific inquiries.

36. The Rt Hon Rhodri Morgan AM attended Committee for the last time in December 2009 before stepping down as First Minister, and subsequently took over as Committee Chair in January 2010. The incoming First Minister, Carwyn Jones AM, continued to attend regularly to discuss European and external affairs issues until the end of the 3rd Assembly (May 2010, November 2010 and 15 February 2011). Recent discussions included Cohesion Policy, the EU Budget Review, CAP reform, the economic and financial situation including implications of the Eurozone crisis for Wales, and how Wales is represented internationally.

Relations with other legislatures

37. The Clerks of the various European Committees in the UK legislatures liaise and cooperate closely on scrutiny matters and in particular on Subsidiarity monitoring. The EC-UK Forum of Chairs of the five Committees dealing with European issues in the UK meet in private on a regular basis, usually every six months, to discuss issues of common interest.

Priorities for the 4th Assembly

The following issues are recommended for scrutiny in the 4th Assembly:

European Union

EU Budget - Proposals for the Multi-Annual Financial Framework from 2014

38. The publication of the EU Budget Review in October 2010 marked the beginning of Member State negotiations on the next EU 'Financial Perspective' post-2013. The European Commission is expected to publish proposals for the next Multi-Annual Financial Framework in **June 2011**. There is currently debate about whether the framework will continue the current 7-year programming period, ie 2014-2020, or whether it will be replaced by a 10-year programming period with the possibility of a mid-term review after five years. Critical issues will be the overall size of the budget, and how that budget will be shared between the various funding programmes, e.g. Cohesion Policy (including 'Structural Funds'), the Common Agricultural Policy, the Framework Programme for Research and Technological Development and so on. It will be important to scrutinise these budgetary proposals and the progress of negotiations.

Cohesion Policy

39. The European Commission's proposals are expected to come forward following proposals on the Multi-Annual Financial Framework in June 2011. The European Commission's 5th Report on Economic, Territorial and Social Cohesion indicates the overall policy arguments, and the UK Government, Welsh Government and other Welsh stakeholder bodies have responded. Members of the 4th Assembly should monitor developments with key aspects such as conditionality, the urban dimension and the development of an 'intermediate' objective for regions coming out of 'Convergence' status. These issues were all covered in a letter sent from the Committee Chair to the UK Minister on 1 March 2011.¹¹

¹¹ EUR(3)-04-11: Paper 8

40. Strong engagement with the Welsh Government and Welsh representatives in Brussels should also continue, supporting the 'Team Wales' approach that has been adopted so far to ensure the best deal for Wales.

Common Agricultural Policy (CAP)

41. The CAP is currently the largest element of the EU Budget and the Assembly's Rural Development Sub-Committee was actively involved in scrutinising the direction of CAP reform proposals during the 3rd Assembly. The Commission's proposals on CAP are expected in the second half of 2011 and are a priority issue for the 4th Assembly.

EU Funding programmes for Research, innovation and lifelong learning

42. The Committee is particularly exercised about the need for Wales in every respect to participate in the ongoing consultations by the European Commission on the development of future funding programmes for research, innovation and lifelong learning. Access to research funding is particularly important to help boost research capacity in Wales. This is an important area for continued attention. The Committee's recommendations are strongly linked to future scrutiny of Welsh Government measures to secure economic recovery and the creation and protection of intellectual property in Wales and in partnerships involving Welsh universities and companies.

Europe 2020 Strategy

43. The European Commission has published Communications on the seven 'Flagship initiatives' in the Europe 2020 Strategy, and begun to publish legislative proposals for implementation. Economic governance measures are an important aspect of the strategy, including bringing together the National Reform Programmes of Member States (reports on structural reform progress under the Europe 2020 Strategy) and the Stability and Convergence Programmes (part of the Stability and Growth Pact for Member States in the Eurozone) into something called the "European Semester".

44. As the start of this new cycle of EU economic governance, the European Commission published its 'Annual Growth Survey' (AGS) in January. The AGS sets out its ten policy priorities for 2011. The UK's National Reform Programme is due to be submitted in April 2011. It

will be important for the Assembly to assess the implications of developments in macro-economic policy at the European level, and the approach adopted by the UK in its NRP, for economic recovery in Wales and the ability to achieve the headline targets set in the Europe 2020 Strategy.

Subsidiarity Monitoring

45. The European and External Affairs Committee had an important coordinating role during the 3rd Assembly. Scrutiny arrangements in the 4th Assembly should take account of the need for coordination, and the best mechanisms to achieve this within the future Committee structure. The Scottish Parliament has recently adopted an EU scrutiny strategy to be piloted in the next Parliament, which includes the appointment of EU reporters on its various subject Committees.

46. The Committee has welcomed the undertaking by the Welsh Government to provide it with views on European proposals, including in particular subsidiarity concerns, given that the Committee has had an important role under the Treaty of Lisbon, as a 'regional parliament' in liaising with the 'national parliament' Committees. The Committee reviewed the progress of Subsidiarity monitoring at its 22 March meeting and its conclusions should inform action in the 4th Assembly.

Responding to Emerging EU Priorities

47. Committee(s) responsible for scrutiny of EU issues and proposals in the 4th Assembly are advised to give attention to the following:

- **European Commission Work Programme** - To identify those strategic priorities for Wales emerging from the EC Annual Legislative and Work Programme, usually published every autumn. The 2011 Work Programme was last considered by the Committee on 8 March 2011 and the paper presented identified the potential priority areas for future scrutiny.¹² The paper is at Annex A;
- **EU Presidencies** - The practice of inviting in the Ambassador to the UK of the Member State taking over Presidency of the Council of the EU is a useful mechanism to understand the

¹² EUR(3)-04-11: Paper 2

progress of EU priorities and is unaffected by the new trio system.

- **European Years** - The progress of the European Year for Volunteering 2011, and plans for future European Years 2012 and beyond.

International and External Affairs

48. The Assembly Commission agreed an International Strategy for the 4th Assembly in November 2010, and a work programme will be developed in line with its four strategic themes:

- citizen participation
- e-democracy
- effective scrutiny of Government
- sustainable and transparent democracy.

49. The responsible Committee(s) of the 4th Assembly may wish to scrutinise this area of work, and receive reports on the National Assembly for Wales' external affairs activities, in addition to holding the Welsh Government to account in this area of responsibility. In particular the Committee is keen that work is undertaken to explore how the National Assembly for Wales and Welsh Government can support Welsh-based international development organisations; a key example of which would be Positive Women working in Swaziland; and share best practice in international development, taking account of the approach taken by the Scotland Malawi Partnership. The Committee would also welcome a plenary debate to explore how the 4th Assembly can best support developing countries.

Lessons Learnt and Best Practice

The following points should be taken into consideration by the Committee(s) responsible for European and external affairs in the 4th Assembly:

- **Value of the strategic approach¹³ to work planning** – the strategic approach has allowed the Committee to focus its efforts on the critical issues of most importance to Wales, at the earliest stage for influence and taking account of the available capacity of Members and officials;

¹³ EUR(3)-01-09: Paper 5; EUR(3)-01-01: Paper 6

- **Role of the Brussels office** – strong representation in Brussels facilitates the strategic approach, allows for ‘intelligence-gathering’ and monitoring of developments. It assists in liaison with Welsh representatives in Brussels, including the four Welsh MEPs, and key figures in the European institutions, bodies and networks, including Brussels-based representatives of other European regions;
- **Use of video conferencing** – The Committee used video conferencing on a regular basis to take formal evidence from key figures in Brussels and Strasbourg, as well as from UK Government officials in London, the European Parliament Office in Scotland, and Universities in North Wales. The quality of external technical facilities varies, and the Committee has been particularly grateful to the Committee of the Regions for allowing use of its facilities on occasion, including to allow the Head of the Assembly’s EU Office to participate in meetings;
- **Trilingual meeting** – the Committee’s meeting on 15 February 2011 was the first using tri-lingual simultaneous translation – to take evidence in French from the President of the Conference of Peripheral Maritime Regions, also President of the Regional Council of Brittany, a region with which Wales has a Memorandum of Understanding. Details of the technical arrangements necessary for this meeting are recorded in the procedures bulletin.
- **Visits to Brussels** – the use of video conferencing does not entirely replace the value of regular visits to Brussels for face-to-face meetings and the Assembly’s Business Committee has agreed to several such visits, both for formal and informal meetings. The timing of visits can present difficulties as it relies on Members’ availability outside other Assembly business, but the information gathered has significantly added to the quality of Committee scrutiny;
- **Engagement with Welsh MEPs** – participation by Welsh MEPs in Committee business has improved during the course of the 3rd Assembly. Close links with the MEPs must be maintained and nurtured in the 4th Assembly, not least to support the ‘Team Wales’ approach of the four MEPs to representing Welsh interests in Europe. Clashes between the business of the Assembly and European Parliament have always been a barrier to

formal participation, and it would be helpful if consideration could be given to maximising opportunities for engagement within the business timetable of the 4th Assembly.

- **Engagement with the European Commission Office in Wales** – The Head of the European Commission Office in Wales regularly attends the Committee’s meetings and provides occasional updates on the Commission’s activities in Wales;
- **Holding the Welsh Government to account** – Regular scrutiny of the First Minister, whose portfolio covers Europe and External Affairs, has been an important aspect of the Committee’s work and allowed dialogue on critical issues. The Committee has specifically asked for feedback on Welsh Ministers’ involvement in European Council meetings. Alongside the general scrutiny sessions with the Minister responsible for European issues, other Welsh Ministers have provided evidence to specific inquiries.

EUR(3)-04-11: Paper 2 : 8 March 2011

European Commission Work Programme 2011: Identifying potential key priorities for Fourth Assembly Committees

Date:

8 March 2011

Overview

This paper has been prepared as a supplement to the Legacy Report of the European and External Committee, and is intended to inform potential priorities on European issues for consideration by the new Committees to be established by the Fourth Assembly.

It is based on the European Commission's Work Programme for 2011, which was published on 27 October 2010, and which primarily covers the 2011 period but also gives an indication of foreseen initiatives being considered for the period 2012-2014. A number of the issues – such as the debate over the Multi-Annual Financial Framework, future of EU Cohesion Policy, future of the Common Agriculture Policy and so on – will run through into 2012 and potentially beyond in terms of formal negotiation and adoption of legislative proposals.

This paper has also been prepared in the context of the broad remit of activities that the European and External Affairs Committee has undertaken as set out in the EEAC Strategic Approach adopted in January 2009¹.

Action for the Committee:

To consider and adopt the attached update paper to accompany the European and External Affairs Committee Legacy Report, which will inform Members of the Fourth Assembly.

¹ COM(2010)623 http://ec.europa.eu/atwork/programmes/docs/cwp2011_en.pdf



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Committee Reference: EUR(3)-02-11

1. Introduction: Strategic Approach to European and External Affairs

In January 2009 the Committee adopted a strategic approach to its work on European and External Affairs. This identified four areas of work:

- Scrutiny of the Welsh Assembly Government (including the Assembly Government's engagement in European issues and external affairs, and its work to raise the profile of Wales internationally)
- Pursuing key strategic European proposals
- Monitoring specific on-going European legislative proposals, including their subsidiarity implications
- Understanding and participation (including the work of the Welsh MEPs, Welsh Committee of the Regions representatives, the engagement of the National Assembly for Wales in external relations)

In determining which key European policy issues to prioritise, in particular in terms of the first of these three areas of work (although it also informs the fourth area), the Committee each year reviews the European Commission's Work Programme, which sets out those areas that the Commission is anticipating working on in the forthcoming year.

The focus of this paper is the 2011 European Commission Work Programme. Given the Assembly elections in May, the paper is intended to inform potential priorities of new committees established by the Fourth Assembly.

2. European Commission Work Programme 2011: overview

2.1. Overview

The European Commission published its annual Work Programme for 2011 on 27 October 2010. This is the second Work Programme under the new Barroso Commission, and the first since adoption of the Europe 2020 Strategy at the European Council in June 2010.

This Work Programme has been developed within the framework of the political priorities presented by President Barroso in his State of the Union address to the European Parliament in September 2010, namely

- Dealing with the economic crisis and building the momentum of the recovery
- Restoring growth for jobs by accelerating the Europe 2020 reform agenda
- Building an area of freedom, justice and security
- Launching negotiations for a modern EU budget
- Pulling the EU's weight on the global stage

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In particular the 2011 Work Programme places a strong focus on “accelerating recovery” and embedding the Europe 2020 strategy “as the backbone of efforts at EU and national level to deliver smart, sustainable and inclusive growth”².

The document includes an eleven-page narrative setting out the key themes and strategic initiatives to be delivered during 2011, building on the work started in the first Work Programme under the Barroso Commission (published in March 2010). It is accompanied by four technical annexes, providing details on the actions anticipated for 2011:

- Annex 1: a list of **40 strategic initiatives** (legislative and non-legislative) scheduled for adoption **during 2011**. These are discussed in detail below – see “Strategic Initiatives for 2011” section.

(By way of comparison the Commission presented 34 strategic initiatives in 2010, 12 strategic initiatives in 2009, and 26 in 2008).

- Annex 2: an indicative list of **151 possible initiatives** (under consideration) to be introduced during 2011 (92 in total – including “packages” of proposals in some areas) and for the 2012-2014 period (59 in total). This compares to the list of over 280 possible initiatives included in the 2010 Work Programme. As usual a broad range of policy areas is covered in these lists.
- Annexes 3 and 4: a list of simplification proposals and withdrawals.

As with each annual Work Programme the Commission only sets out **new initiatives for 2011 and beyond**. This does not tell the complete picture of activities taking place in Brussels, as there is a plethora of other proposals working their way through the legislative process from previous work programmes. There are also a number of areas of policy discussion high on the political agenda that are referenced in the 2011 Work Programme but without going into great detail, such as the debates over the future of Cohesion Policy and the future of the Common Agriculture Policy (CAP), which are considered within the context of the proposals for the future Multi-Annual Financing Framework (i.e. future EU Budget post 2013).

Section 2.4 below includes a selection of these issues not so explicitly referenced in the 2011 Work Programme that are nevertheless considered to be of particular importance to Wales.

2.2. *Strategic Initiatives for 2011*

The 40 strategic initiatives set out in the 2011 Work Programme are grouped into four themed areas, although the bulk of the actions (27 of the 40 proposed initiatives) are contained in the first themed area, on restoring growth, underlining the key priority focus of the 2011 Work Programme on economic recovery:

- **Restoring growth for jobs: Accelerating towards 2020** (27 initiatives)

Under this theme six “sub-headings” are identified:

² COM(2010)623 quotes from section 1: Introduction (page 3)

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- *Economic governance*: an area the Committee has followed as part of its work on the future of EU Cohesion Policy, EU Budget Review and Europe 2020. The Commission published a package of proposals in September 2010 as part of the ongoing reform of EU economic governance, and published the first Annual Growth Survey under Europe 2020 in January 2011.
- *Financial Regulation*: a number of legislative proposals on further reforms to the financial sector aimed at avoiding a repeat of the financial crisis of autumn 2008.
- *Smart Growth*: includes a non-legislative proposal on **modernisation of the Higher Education system** in Europe
- *Sustainable Growth*: includes a proposal for a **Directive on Energy Efficiency and Savings** due in the second half of 2010
- *Inclusive Growth*: includes revision of the **Posted Workers Directive** (towards end of 2011), revision of the **Working Time Directive**, and a non-legislative proposal on revision of the State aid rules applicable to the **Services of General Economic Interest (SGEI)**
- *Single Market reform*: including an airports package of legislative and non-legislative proposals

■ **Pursuing the citizens' agenda: freedom, security and justice** (7 initiatives)

This package is primarily in areas where the UK Government has exclusive competence.

■ **Europe in the World: pulling our weight on the global stage** (5 initiatives)

This includes a green paper on enhancing EU enlargement policy and measures aimed at improving competitiveness of SMEs in global markets.

■ **From input to impact: making the most of EU policies** (1 initiative)

This initiative is potentially the most important for Wales (and the EU) during 2011, namely the publication in June of proposals for the future **Multi-Annual Financial Framework** (i.e. future EU Budget for post 2013). This has been one of the key priorities for the Committee over the past couple of years, and provides the broader context within which all of the policy debates over the next 1-2 years take place, including areas of particular interest to Wales such as the future of EU Cohesion Policy, the future of CAP, the Framework Research Programme, and other funding programmes in areas like lifelong learning.

2.3. *Other initiatives of potential interest to the Assembly*

In addition to the 40 strategic initiatives the Work Programme includes a list of 151 further possible initiatives for 2011 to 2014.

A number of these appear to be of potential interest from the Welsh perspective, although it will be clearer once the proposals are published as to whether or not they merit close attention.

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These include:

Anticipated for 2011:

- **Modernisation of the EU Public Procurement Legislative Framework** – an issue that public bodies in Wales will follow closely, e.g. Welsh Local Government Association is treating this as a priority for 2011
- Review of the priority substances under the **Water Framework Directive**
- **EU Strategy for the Protection and Welfare of Animals (2011-2015)** – a non-legislative proposal
- **Social Business Initiative** – series of legislative and non-legislative proposals aimed at promoting social business (by which we understand social enterprise) in the EU

Anticipated for 2012-2014:

- **Review of State Aid Guidelines** in preparation for issuing of new Commission Guidelines for period post 2013, which will include Regional Aid, Broadband Networks, and Restructuring Aid
- Package of legislative proposals in the area of **Animal Health** and **Plant Health** laws
- Package of legislative proposals to revise the **Veterinary Medicine** and **Medicated Feed legislation**
- Number of proposals in the area of **Maritime Policy**, including a Communication on stimulating “Blue Growth” from the maritime economy

2.4. *Existing proposals within the EU-decision making process*

As noted in *section 2.1* a number of on-going initiatives are not captured or set out in great detail where they are mentioned in the Commission Work Programme for 2011, as these are either proposals that have already been published or initiatives where the Commission has been preparing the ground for future legislative proposals through consultations and other policy discussions.

Those considered of particular importance to Wales are the following:

- **Future of EU Cohesion Policy:** debate launched by the publication of the Fifth Cohesion Report in November 2010. As noted above formal legislative proposals are due in the second half of 2011, which will set out the proposed architecture of the new policy, the eligibility criteria to be used in determining which regions qualify for which intensity of support, and together with the debate on the overall EU budget, an idea of the levels of funding support that the Commission is seeking to secure to deliver this policy.
- **Future of the Common Agriculture Policy (CAP):** as above, the debate was launched in the autumn last year through the Commission’s Communication and consultation on the future of CAP. The legislative proposals will be published in the second half of 2011.

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- **Future of other EU funding programmes:** such as the successors to the current Framework Research Programme, the Lifelong Learning Programme, the Competitiveness and Innovation Programme, and the various other themed programmes, all of which have been the subject of discussions and consultations during 2010 and the first quarter of 2011. Legislative proposals in these areas will be published in the second half of 2011 and into 2012.
- **Europe 2020 Thematic Flagship Initiatives:** implementation of the seven flagship initiatives published during 2010 and early 2011, each of which contains a plethora of initiatives and actions planned for the coming years.
- **Milk Reforms Package³:** published in December 2010 this sets out a number of proposals aimed at addressing concerns raised by an expert High Level Group set up in 2010 in response to the dairy sector crisis of 2009. The legislative proposals are under consideration by the European Parliament and Council of Ministers, with implementation anticipated in 2012.
- **Agricultural Product Quality Package:** also published in December 2010 following a consultation in 2009 and preparatory phase, the Commission has presented a package of legislative proposals to support improvements in agricultural product quality.
- **Authorisation of GMOs:** in July 2010 the Commission presented a draft legislative proposal on changes to the rules that would allow Member States to ban cultivation of GMO crops on their territory. This was part of a package of initiatives presented by the Commission.

3. Potential priority areas for Committees of the Fourth Assembly

Based on the above analysis and taking into account the devolved competences of the Assembly and the work undertaken by Assembly Committees during the Third Assembly, the table below sets out a number of potential priority areas for the Fourth Assembly to consider.

These should be read in conjunction with the Legacy Report of the European and External Affairs Committee, and other relevant Committees, such as the Sustainability Committee, Rural Development Sub-Committee and Enterprise and Learning Committee.

In addition to this list there is work that the Assembly will undertake in accordance with the Subsidiarity Protocol of the Treaty of Lisbon, which introduced an Early Warning Mechanism whereby National Parliaments (EU Member State level), in consultation with the relevant sub-state or regional parliaments, may flag up any concerns they have on legislative proposals coming out of the EU Institutions.

Finally, given the EU policy-making process is ongoing, the Assembly's EU Office will continue to monitor developments during 2011 and provide additional information and guidance on potential new and emerging priorities potentially of interest to the Fourth Assembly.

³ See [DG Agriculture web-site](#)

Table 1: Potential priority areas on European issues for Fourth Assembly Committees during 2011 (and potentially 2012-2013 period)

Strategic issue	Action at EU	Why Assembly to prioritise?
Future of Cohesion Policy	<ul style="list-style-type: none"> Legislative proposals are due in the second half of 2011. 	<ul style="list-style-type: none"> Continuation of work of the European and External Affairs Committee in this area during 2009-2011. Key issue for Wales given current level of structural funds (approx. €2 billion for 2007-2013).
Future reform of the Common Agriculture Policy (CAP)	<ul style="list-style-type: none"> Legislative proposals are due in the second half of 2011. 	<ul style="list-style-type: none"> Continuation of work of Rural Development Sub-Committee during 2010. Key issue for Wales given current level of funds received from CAP (approx.€350m per annum).
Review of EU Budget	<ul style="list-style-type: none"> Presentation of proposals for new Multi-Annual Financial Framework (June 2011) for the period post 2013. 	<ul style="list-style-type: none"> Directly relevant to work on Cohesion Policy, Europe 2020 Strategy and the future of CAP. Potential implications to all areas of EU funding that Wales benefits from.
Europe 2020 Strategy	<ul style="list-style-type: none"> Implementation of the seven flagship initiatives published during 2010-2011. Implementation of the new governance arrangements to deliver Europe 2020 (including implementation of the UK National Reform Programme, due to be adopted in April 2011). 	<ul style="list-style-type: none"> Key issue followed by the European and External Affairs Committee during 2009-2011. Direct relevance to other key issues like future of Cohesion Policy, CAP, future of EU Framework Research Programme. Clarification as to how aspirations of the Europe 2020 Strategy are translated into action in Wales (and also UK).
EU Framework Research Programme (FP8) <i>[Potentially could be broadened out to include other "EU programmes" outside of Cohesion Policy]</i>	<ul style="list-style-type: none"> Legislative proposals expected towards end of 2011. 	<ul style="list-style-type: none"> Follow on from European and External Affairs Committee's inquiry carried out in this area during 2010-2011. To what extent Welsh Government (and other stakeholders) is lobbying to influence shape of proposals, including in particular synergies with structural

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<i>and CAP]</i>		funds, and scope to build capacity and strengthen participation from Wales in the future.
Directive on Energy Efficiency and Savings	<ul style="list-style-type: none"> ▪ A follow up to the European Energy Efficiency Plan. ▪ Proposed Directive will include Member State targets, set out the role of National Energy Efficiency Action Plans, and define instruments to develop the energy services market and roles of energy companies in promoting energy savings throughout the energy supply chain. 	<ul style="list-style-type: none"> ▪ The Welsh Government has published a National Energy Efficiency Savings Plan, and the local authorities/Assembly Government have consenting powers for energy production up to 50 Mega Watts. However, the energy industry is regulated at UK level by OFGEM. ▪ To review the extent to which actions proposed in the new Directive could/would be delivered in Wales, and the extent to which the Welsh Government can (and should) influence the UK position in negotiations in Brussels on the draft Directive.
Revision of Working Time Directive	<ul style="list-style-type: none"> ▪ Following failure to reach agreement during the last Commission a new proposal is planned for 4th quarter of 2011. 	<ul style="list-style-type: none"> ▪ Review any implications of changes to the UK "opt out" in Wales, in particular in terms of working hours for key public sector workers.
Legislative proposals for new Animal Health and Plant Health Laws	<ul style="list-style-type: none"> ▪ Set out in the list of indicative initiatives planned for 2012. 	<ul style="list-style-type: none"> ▪ This is an area of devolved competence, therefore, any proposed changes to the laws should be considered in terms of potential impact in Wales.
Milk Reforms Package	<ul style="list-style-type: none"> ▪ Published in December 2010 – proposals going through negotiations 	<ul style="list-style-type: none"> ▪ Given agriculture is a largely devolved area of competence, the potential impact of the proposals on Wales is of particular significance. This is also linked to the wider debate on future reform of CAP.
Agriculture Quality Product Package	<ul style="list-style-type: none"> ▪ Published in December 2010 – proposals going through negotiations 	<ul style="list-style-type: none"> ▪ As per above comments on Milk Package
GMOs legislation	<ul style="list-style-type: none"> ▪ Published in June 2010, proposals to allow Member States to ban cultivation of GMOs. Proposals going through negotiations. 	<ul style="list-style-type: none"> ▪ The Welsh Government has a concordat with the DEFRA which allows them to determine GMO policy for Wales.

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<p>Access to basic banking services</p>	<ul style="list-style-type: none"> ▪ Proposals not yet published but the Commission has flagged its intention to publish (likely in 2011 or 2012) as part of reforms of the Single Market and linked to European Platform Against Poverty 	<ul style="list-style-type: none"> ▪ The House of Lords has highlighted this as an area to be monitored once the proposals are published, as they are not convinced of the need for European legislation in this area, arguing that basic banking services is best dealt with at Member State level. There may be particular issues in Wales regarding access to basic services in rural and urban areas
<p>Directive on Patients' Rights to Cross-Border Healthcare</p> <p><i>[This Directive has been adopted at EU level. The focus for future work is on transposition and implementation in the UK/Wales]</i></p>	<ul style="list-style-type: none"> ▪ Agreement has been reached on this Directive, which is due to be formally adopted imminently in Brussels. The next phase will be implementation of the Directive into UK law 	<ul style="list-style-type: none"> ▪ Given health is a devolved competence the preparation of implementation legislation for this Directive within the UK merits close scrutiny. To note the UK Government has 30 months (from end January 2011) to adopt national legislation to implement the changes introduced by the Directive. ▪ To note the inquiry carried out by the Committee during the Third Assembly, which culminated in the report adopted in July 2009.