



Northern Ireland
Assembly

COMMITTEE
FOR THE OFFICE OF THE
FIRST MINISTER AND DEPUTY
FIRST MINISTER

OFFICIAL REPORT
(Hansard)

European Issues

10 February 2010

NORTHERN IRELAND ASSEMBLY

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DEPUTY FIRST MINISTER**

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Members present for all or part of the proceedings:

Mr Danny Kennedy (Chairperson)
Mrs Naomi Long (Deputy Chairperson)
Mr Tom Elliott
Mr Barry McElduff
Mr George Robinson
Mr Jim Shannon
Mr Jimmy Spratt

Witnesses:

Ms Jane Morrice)	European Economic and Social Committee
Mr Mike Smyth)	European Economic and Social Committee

The Chairperson (Mr Kennedy):

Good afternoon. I welcome Mike Smyth and Jane Morrice from the European Economic and Social Committee (EESC). You have given evidence to the Committee before, and you are here to update us on your work. I hope that you received copies of the Committee's 'Report on its Inquiry into Consideration of European Issues', on which you may wish to comment. The session will be recorded by Hansard. You may wish to begin by making an opening statement, after which members will ask questions.

Mr Mike Smyth (European Economic and Social Committee):

I shall make a brief introductory statement. I welcome the Committee's report; it is concise and to the point, and I sincerely hope that its recommendations are brought into effect.

If anything, the recent turn of events confirms Northern Ireland's standing with the European Commission and the European Union as a success story. The Committee's report and the Executive's response to it map out an agenda for greater engagement. I reiterate what I said in evidence to the Committee: there has never been a better time or opportunity to exploit that good standing. My overall comment on the report is that, naturally, it concentrates on Northern Ireland's relations with Brussels, what the European Union can do for Northern Ireland and what, in a EU context, Northern Ireland can do for itself.

I firmly believe — and I think that Jane agrees — that Northern Ireland has a contribution to make to wider policy formulation in the European Union. After all, for more than a generation, Northern Ireland has been a test bed for many EU regional and social-policy initiatives, some of which worked and some of which did not. Northern Ireland can share that knowledge and its experience of the peace process and legacy issues, with both of which it is still grappling, particularly in the context of the likely accession of some of the Balkan states.

Jane and I represent organised civil society in the European Economic and Social Committee. We are not in the employers' group or the employees' group; indeed, we try to build bridges between what are often warring factions in those groups. It is of some regret that there is no organised civil society body in Northern Ireland, because such a mediation role could be useful here. There may be indirect ways of doing that, and we are in discussions with other bodies with European interests to see whether we can get something going. Nevertheless, I am pleased that Northern Ireland has a clearer view of what its relationship with Brussels should be, and I look forward to working with the Committee to bring that about.

Ms Jane Morrice (European Economic and Social Committee):

I shall focus on the response to the Committee's report.

The ratification of the Lisbon Treaty has created new beginnings all round. I am disappointed that the report — I would say this, of course — falls short of proposing a committee on European affairs, because most of the evidence that the Committee received recommended that. That said,

in light of budgetary restraints and so on, I understand the decision. I am pleased that the matter is under review and can be reconsidered further down the line.

The decision to get Departments to step up to the mark on European engagement is valuable. I am pleased that the OFMDFM Committee will co-ordinate that process and make each Department recognise its responsibility in that area. Given the amount of work coming in, that will be a very difficult task. However, the fact that all Departments will do that should make the Committee's job slightly easier. I welcome the fact that the Committee is stepping up engagement with Europe and in Europe. The report reflects that.

I will discuss some actions and recommendations in more detail. The proposal to create an advisory panel on European affairs is interesting and is a useful vehicle for keeping abreast of the European Economic and Social Committee, the Committee of the Regions, the MEPs and the European Commission Office. All the actions mention regularly sifting information from those bodies.

The report sets out actions for the Assembly and the Assembly Commission, and I am interested in the suggestion of a Brussels officer. I have worked in Europe for a long time, but I was not aware that Assemblies did that. Initially, I thought that such a post would duplicate the work of the Executive; however, I understand that it would complement that body's work. The slight problem is that the officer would receive the same information from the same people but would return it to different recipients. If we find the resources for a Brussels officer, we must be careful that the two jobs do not overlap.

The outside world is not so aware of the important difference between the Executive and the Assembly, which, in order to scrutinise the Executive, must be independent. I went through all those thought processes to determine whether or not that is a good idea, and I concluded that, in simple terms, the more the merrier. More people working in Europe will create better understanding and improve the resource. That applies to the proposed secondments and training programmes, which are excellent. As many people as possible from the voluntary and community sector, which already has expert knowledge, and from civic society in general, need to keep their knowledge up to date and pass it on. That is useful.

The proposals for the Assembly's Research and Library Service are interesting because they

will use so much of its resources. It will be tough. The Committee already uses the EESC as a resource; this is our second visit. We want to be involved in the panel and to brief the Committee regularly.

Other points include increased interest in European affairs and a proposal for Ministers to become more involved in Council meetings. That is an excellent idea. I understand that only the Minister of Agriculture and Rural Development does that on a regular basis. The Minister of the Environment and the Minister for Regional Development should be involved. The case of the justice Minister will be interesting when that person is appointed. They should visit Brussels and sit on the sidelines of Council meetings to become more aware of the work done in Europe.

The report could have made more of the European Investment Bank (EIB), as considerable value could be gained from more interaction with it. One of its directors is from Northern Ireland, and it would be useful to get them to brief the Committee on the bank's work and what it could do for you.

I realise that most of this work stems from the report from the task force and its advice. I would like to have seen more structure to the relationship between departmental officials in Brussels and the task force. I see that you are smiling, Chairperson.

The Chairperson:

I am smiling because I am aware that a mobile phone has gone off; I am not smiling at the point that you made. I apologise if you think that I am.

Ms Morrice:

There should have been more connection with the officials in Brussels who were appointed to the task force, and more regular briefings from them. I could go on for ever, but I will not.

The Chairperson:

We are grateful that you did not go on for ever, but we are also grateful for your input and for your positive response to the report. The key phrase in respect of a special European committee is "at this stage". It does not close the door completely on that suggestion, but, at this stage, for the financial reasons that I think you understand, we have decided not to establish a new committee.

As of yesterday, a new Commission is in place, so all of this is fresh. How does the European Economic and Social Committee intend to engage with the Commission and co-ordinate with us at Assembly or Executive level to keep us abreast of information at this early stage?

Mr Smyth:

The big idea in Brussels that might affect Northern Ireland is macro-regional co-operation, and I apologise for the jargon. I will give you a couple of examples. I have done two opinions for the committee on a strategy for the Baltic Sea region, which comprises eight member states, including the Scandinavian countries, Germany, Poland, the Baltic states of Latvia and Lithuania, and Russia, and Belarus. For various reasons, the Baltic area is fragile — it is possibly on the brink of environmental disaster. Those countries can fix that only by working together because they share the maritime region. A €55 billion strategy is in place. Such territorial cohesion, to use another jargon term, marks a departure for Brussels.

Brussels has begun consultation on a similar approach to solving some of the environmental, infrastructural and social problems in the Danube basin, which consists of seven member states and four potential accession states — Serbia, Croatia, Macedonia and, I think, Turkey. That is how Brussels wants complex problems to be solved by member states. The same can apply here. The British Isles is a fragile maritime region, and, heaven knows, there are several environmental threats in the Irish Sea. We also have major issues of infrastructural deficit and connectivity. It is not beyond the bounds of possibility that if Brussels gets sufficient traction with macro-regional co-operation in those areas, such an approach will be advocated for these islands before moving on to the western Mediterranean next.

I am particularly interested in the idea of territorial cohesion, and I am presenting the opinion to the European Parliament on 18 March and to the Committee of the Regions on 26 February. I am reasonably up to speed with that and could keep the Committee in the loop. It is one to watch.

Much of the committee's time in the past 12 months was taken up with the financial crisis; this is sink-or-swim time for the euro area and for social solidarity in Brussels. Inevitably, much of the committee's time was spent on crisis management and reaction to the financial crisis from a perspective of civil society. We made some contribution to the debate on tighter financial regulation, and, without using the term "bail out", how countries in Europe can help one another

in difficult times.

Ms Morrice:

I am concentrating on an own-initiative opinion, which was approved in October 2008, on the European Union's role in the Northern Ireland peace process. That went down very well with the committee, and I am being encouraged to follow it up. I am now trying to get an own-initiative opinion on the reverse, if you like: Northern Ireland's role in global conflict resolution, and the idea of opening a conflict resolution centre here. I have not honed down the title of the opinion, but that is what I will try to push for, as it would be of huge value for us here.

Getting EESC representation on your advisory panel would be important, as would giving the Committee regular briefings, training staff and organising visits to Brussels. For example, I was asked to talk to the Committee Clerks, who are going to Brussels next month. I suggested that they visit the European Economic and Social Committee. That should be on the agenda, because it would be valuable for you to know what we are doing there and how things operate. We are always available for anything else that you suggest about feedback.

We just had word that something is going through the European Parliament and the Council about the International Fund for Ireland (IFI), although I am not sure what.

Mr Smyth:

It is unresolved whether the IFI will continue after 2010. However, we will be asked our opinion on its effect to date.

Ms Morrice:

That is an example of an early warning on an issue that is coming through and of which the Committee should be aware. We are available at any time. Just pick up the telephone.

Mr Shannon:

I was not aware of the Danube delta programme, but the Baltic Sea strategy is interesting. I am aware of some of the problems in the Baltic Sea, but not all of them. I thank the Lord that we do not have as many problems. How long did it take from concern being expressed to the decision to spend €55 billion?

Mr Smyth:

Just over a year. I have never seen such extensive consultation; there was at least six months' continuous consultation, with conferences in each member state. All the deliberations have been published and are available. Out of that came the strategy, which was adopted by the Council in October 2009 and which will be in operation until 2014. The idea came from Christopher Beazley MEP, who pointed out that a great deal of armaments were dumped in the Baltic and that a gas pipeline was due to go over them. We know all about that here.

There is huge atrophy of the Baltic and southern shores, which are covered in green algae for half the year. Most human trafficking in northern Europe goes through the Baltic. The region has horrendous security and economic problems, and the southern shores have been starved of investment in connectivity and so on.

The European Parliament says that we must do something, and the only way to do that is to get everyone working to a common agenda. I will send my views to the Committee, but I have to say that the strategy is complicated. It has four main pillars and 15 priority projects that will eat up the money. The €55 billion figure sounds impressive, but it would have been spent anyway in the structural funds plans of each of the eight member states. The money has been pooled, and countries have been put in charge of the priority themes. The idea is that forcing countries to co-operate will bring more bangs for the buck.

Mr Shannon:

The problems did not just start a year ago. Concerns about the Baltic states have been expressed for a number of years. That led to representation to Brussels and the decision to start the strategy after only one year. At what stage would we need to push for a maritime initiative for the Irish Sea and all the seas around the UK?

Mr Smyth:

The European Parliament is very powerful now — thank heavens — and it took it to make the decision. The Parliament instructed the European Commission to produce a strategy. It took one year to get sign off from all eight member states plus Russia and Belarus. That was not an easy task, but it has been done. The problems have been around for years, of course. However, Brussels has now realised that no one member state can solve any of the problems on its own. The only way to fix the problems is for member states to work together.

I was at a conference on Baltic fish stocks recently. Cod and herring stocks had been plummeting until 2006, but they are now being replenished. HELCOM, the forerunner to the new strategy, was set up in 2005. Fishermen were given tighter quotas and consumers' demand for Baltic cod and herring was cut back. The result was an increase in the fish stocks. That is a positive example of the success that can be achieved when member states work together. No one state would have been able to do that on its own, but member states were able to do it together. The Parliament hopes to develop momentum in other areas too, not least in addressing pollution, namely the nitrates and phosphates run-off, in the southern shores of the Baltic.

There is every reason to have an own-initiative opinion known by the Committee of the Regions and the European Economic and Social Committee in order to get the proposal for an Irish Sea initiative, for example, on the radar.

Mr Shannon:

It is important that we do that at some stage. I was wondering where all the cod in the Irish Sea had gone; now I know that they are in the Baltic. *[Laughter.]* It is encouraging to hear that they have not gone away altogether.

I want to ask about the EU justice system. You referred to the new provisions that will strengthen the EU's ability to combat international cross-border crime. Illegal immigration, people trafficking and, in particular, prostitution have been big subjects in Northern Ireland over the past number of months. What way do you see those new provisions working? Will they come to the UK Parliament from Brussels, will Brussels overrule the UK Parliament, or will the two Parliaments work together on them?

Ms Morrice:

Speaking with my other hat on, I know that the Equality Commission and the Human Rights Commission have just launched a report on how to deal with human trafficking. I would recommend that Committee members read that report. Neither I nor Mike has expertise in security at European borders, but Brussels is undoubtedly best placed to tackle such problems. A European-wide approach should be taken, because the problems cross borders. If you have a particular concern, you can bring that to us and we will raise it, and that also goes for the maritime issue.

Mr Smyth:

I think I am correct in saying that, almost by definition, national policy is still sovereign on that issue. That is the very reason for security being one pillar of the strategy for the Baltic Sea region. The only way that it will be successful is if the countries are working together and by getting Russia and Belarus on-board, because that is where the problem lies. Security is the responsibility of individual countries. However, we are moving towards a situation in which countries are going to have to share intelligence, know-how and resources to counter any problems. There is no other way of fixing problems, and no one country can do it on its own.

Mr Elliott:

Thank you very much for your presentation.

The European Investment Bank was mentioned, and there was disappointment that the Committee's report did not take some cognisance of that. What benefit do you think that that would have been to our report?

Ms Morrice:

There is mention of it somewhere in the report, so it was not completely left out. However, the funds of the European Investment Bank are not being used to the full extent. Without a doubt, a lot more could be developed from a relationship with the European Investment Bank.

Mr Elliott:

Can you give me a few examples?

Ms Morrice:

Loans.

Mr Smyth:

I am aware of only one loan being taken out, and that was by Clanmil housing association, which, along with three other housing associations in Britain, borrowed €50 million from the European Investment Bank. The minimum loan is €20 million, but it is the cheapest money on earth, and is currently 50 basis points below the euro LIBOR. You will not get cheaper money anywhere.

One reason for wider use not being made of the EIB is that central government cannot use it. If it were to, it would be netted off against the block grant. However, there is an unresolved question about whether local authorities can borrow from the EIB and whether that will count against the block grant. It is worth investigating the legal opinion on that. My feeling is that, if we accept that Northern Ireland is equivalent to a large local authority in England, the 26 district councils — soon to be 11 — are below that level. Therefore, the regulations that govern borrowing at a regional level may not apply at a subregional level. For example, since 2002, the authority in Glasgow has borrowed €1.5 billion from the European Investment Bank to fund social housing, schools, hospitals, etc. As a large authority, Glasgow has responsibility for those issues.

It is not as though the EIB is not willing to lend to us. However, we have to engage with it to see whether there are mechanisms through which we can access that money.

Mr Elliott:

Can that be done at the regional level of Northern Ireland, or, does it have to be done through the member state, in this case, the United Kingdom?

Ms Morrice:

I suggest that you just pick up the phone.

Mr Smyth:

It is up to the individual organisation. Clanmil housing association simply phoned Tom Barrett.

Mr Elliott:

To be fair, you said that Clanmil housing association did that in conjunction with other housing associations.

Mr Smyth:

That is because the minimum loan is €20 million.

Mr Elliott:

Clanmil did that in conjunction with others. Are you saying you believe that there is nothing to stop a local authority here from seeking a loan on its own?

Mr Smyth:

There may be. It is an unresolved question.

The Chairperson:

That has to be tested.

Ms Morrice:

I suggest that renewable energy is an interesting area in which to bring proposals to the EIB from a local level.

Mr Smyth:

The EIB is particularly keen on that issue at the moment.

Mr Elliott:

Is the minimum loan for that €25 million?

Mr Smyth:

The minimum is loan is €20 million.

Mr Elliott:

Not that I am thinking of getting it.

The Chairperson:

That is a shedload of money.

Mr Elliott:

What is your opinion on the UK not adopting the euro?

Ms Morrice:

When I was an Assembly Member, I proposed the adoption of the euro. You know what my position is: we should still do that.

Mr Elliott:

Is that your organisation's opinion?

Ms Morrice:

No. That was my party's opinion at the time. I am still a supporter of the euro, because the identity that it brings with it is important. Economically, we might have been best advised to stay out, as we are now. Mike is the expert on that issue.

Mr Elliott:

It sounds very confusing, I have to say.

Mr Smyth:

My stance is not all that different. The ability to reap the full benefit of the single market and price transparency is a long-term aspiration. It is my professional view that a single currency will achieve that. It is a case of "Lord, make me virtuous, but not yet." If you were to ask anyone in Athens today whether they should be in the euro zone they will say no. People in Dublin would say no, because it is a corset; it effectively ties your hands. One of the frustrations at the moment is sterling's weakness and how long it has taken to kick-start our economic recovery. That is going to happen in the second half of this year. The euro is the logical way to go, but not now.

The Chairperson:

OK. The virtuous Mr McElduff is next.

Mr McElduff:

Thank you, Chairman. I hope that what I have to say is not irrelevant in the context of the presentation. I wonder what structures and mechanisms are in place to spell out opportunities to local small and medium-sized enterprises (SMEs) and the community and voluntary sectors. How can they be encouraged to take a greater interest in European matters and to spot opportunities that might lie ahead?

Mr Smyth:

There are any number of programmes and initiatives in Brussels that SMEs could get involved in. Barry will not like this, but one of the most active councils in the past has been Dungannon and South Tyrone Borough Council, and Vinny Beggs, its enterprise, investment and grants manager,

in particular. It is down to individuals in local government here as to whether they want to go down that route. It is hard work, because you have to go to Brussels to horse-trade, form alliances and join bids, but it is worth doing.

The same applies, perhaps, even more so now, to the community and voluntary sectors. There is an increasing focus in Brussels on non-governmental organisations (NGOs) as a way of helping grass-roots communities. It is hard work. The Northern Ireland Council for Voluntary Action (NICVA) has done some work in that regard, which has been led by James Magowan. It is down to the energy and commitment of the people who run those umbrella organisations. I will repeat the example that I gave when I last spoke to the Committee: one of the most proactive NGOs that I ever came across was Údarás na Gaeltachta. It is a small Irish NGO, but by Jove, it signposted and got organisations to take part in programmes in Brussels. Such programmes are lucrative, and a lot can be learned from them. It is all about deepening the fabric of our relationship with Brussels.

Ms Morrice:

Barry McElduff asked about structures in particular. We should not forget about a few things that are already in place. There is the Office of the Northern Ireland Executive in Brussels and the European Commission office in Belfast. The Brussels office serves the requirements of the Executive as a priority, but further down the food chain, local authorities, NGOs and individuals can go to that office and ask for help. The same applies to the European Commission office here, which is available to give advice and help, as are the MEPs, the European Economic and Social Committee and the Committee of the Regions.

The problem seems to be that the person who has the interest hears about what help is available and goes to get it. It would be much more valuable if that situation could be turned around so that advice could be given to the NGOs from those different structures and sources. The problem is that there is so much information, most of which has to be tailored to everyone's needs. That is a mammoth task.

Your parliamentary officer could watch out for things that might be of interest to Assembly Members, although, once again, that would be a mammoth task. All those structures are there to be tapped, and they need to be tapped more.

The Chairperson:

That completes the questions. Thank you for your presentation and for your answers. We look forward to a continuing relationship.