



Northern Ireland  
Assembly

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

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**OFFICIAL REPORT  
(Hansard)**

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**European Issues**

17 November 2010

**NORTHERN IRELAND ASSEMBLY**

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

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**Members present for all or part of the proceedings:**

Mr Tom Elliott (Chairperson)

Ms Martina Anderson

Mr Allan Bresland

Mr William Humphrey

Mrs Dolores Kelly

Mr Danny Kinahan

Mr Barry McElduff

Mr Francie Molloy

Mr George Robinson

Mr Jimmy Spratt

**Witness:**

Mr Maurice Maxwell

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European Commission Office

**The Chairperson (Mr Elliott):**

Hello, Maurice. You are very welcome. We ask you to give us a presentation that lasts no more than 10 minutes. Please allow yourself time for members' questions.

**Mr Maurice Maxwell (European Commission Office):**

Thanks very much, Tom. I would like to thank the Committee for inviting me back to address you. I will start by congratulating you, Tom, on your elevation to leader of your party and

Committee Chairman since the last time that I saw you.

**The Chairperson:**

Thank you.

**Mr Maxwell:**

I do not want to go over too much ground with regard to consultations, assessments, work programmes, and so on, which we covered at our last meeting. You are all well aware of how that works. I propose not to waste much, if any, time on that. Rather, I thought that —

**The Chairperson:**

Maurice, I should say before you continue that the meeting is being recorded by Hansard.

**Mr Maxwell:**

That is fine. Thank you, Tom.

I believe that, at our last meeting, I suggested that in our dealings with the EU, we need not try to hit everything that moves because it is too much to cover. We cannot concentrate on everything; some matters may not be entirely relevant to us anyhow. Rather, we should concentrate on a number of priorities. I have tried to follow that maxim in my thinking about what I might say to you today. I will try to cover three areas, and then expand a bit towards the end of my remarks.

One issue that we discussed at that meeting was cohesion policy, which is what it is known as now, rather than structural funds, which are what we normally talked about. Last Wednesday, three of my colleagues came over from Brussels. We gave a public presentation on the Commission's current proposals for cohesion policy. I must emphasise that they are proposals; they represent the Commission's thoughts at present. Therefore, they are not decisions of the Council or Parliament. They represent the Commission's current thinking.

At our last meeting, there was a great deal of doubt about whether we would continue the cohesion policy for richer member states, particularly the UK. The main message from Brussels, which I want to pass on to you, is that that is not the case. Cohesion policy will apply throughout the European Union. It will be based on what is known as "territorial cohesion", which is the

terminology that is used in Brussels. Certainly, within that, the cross-border, trans-national and what they call inter-regional aspects will continue. All of those points are important for us in Northern Ireland because they apply directly to current and, hopefully, future funding that we will be able to attract. They also mentioned an overall average of less than 90% of average GDP throughout the EU.

I could not find a figure before coming here. However, given the current crisis, I have a feeling that we too may be falling below that 90% level. Therefore, we may fall within the criterion and benefit from that.

During the presentation, I was surprised that no one raised the issue of Peace IV. I did not expect anybody to ask how much we were going to get, because it is too preliminary, but I thought that somebody may ask for my thoughts on the possibilities of what we may get from Peace IV. Quite frankly, my colleagues from Brussels would not have answered that question, because they think on a wider base, particularly on that issue. However, if I may, I will develop my own feelings around Peace IV.

We have a job of work to do in that context. That work will take the form of questions. What have we achieved through the Peace programmes? We need to be able to demonstrate the achievements of Peace I, II and III. What still needs to be done? What do we still need to achieve under the banner of Peace? That needs to be demonstrated. Just as importantly, we need to try to show what would be lost. What actions taken on the ground between communities would cease if we did not have Peace IV? What would be the impact of that on the lives of many of our citizens in Northern Ireland?

That is the cohesion part laid out. The second main issue that we discussed was research and development. I raised that with the Committee, and you kindly asked me to send a follow-up paper, which I did, and which I hope you received. In that paper I set out some of the steps that I thought needed to be taken so that we could benefit further from research and development. In the meantime, I have continued my work here and in Brussels.

As you know, we have incited the interest of Commissioner Máire Geoghegan-Quinn in this topic. We even managed to get her to come to Ireland. Last Friday, she came to the North/South Ministerial Council meeting in Armagh. She then travelled up to Belfast to visit ECIT at the

Titanic Quarter and Bombardier. She was very impressed with what those organisations were doing, as am I, having visited Bombardier several times. The Commissioner saw on the ground the things that we are doing. We did not want to show her only how good things were, because the conclusion from that could be that everything is fine and that we can go on with no worries as we are.

If you read or heard the speeches that she gave, you will know that she very much took the line, as I have in my submission, that the foremost criterion that is applied is that European research is based on excellence. It also implies trans-frontier partners — an organisation cannot participate if it does not have a trans-frontier partner. Partly in reply to InterTradeIreland, which presented a paper in that context, she emphasised the North/South connection, especially in Armagh. I am not sure whether the Committee has a copy of that presentation. She also broached the question of an east-west dimension, which I think is essential, and a wider EU dimension. We are, after all, speaking about European Union-wide research, not Irish or British research.

She was sending out the message that regions are very important and how regions co-operate with each other is very important in the networking context. The last time that I was here, I tried to emphasise that unless you are on the ground, are there early, are doing the networking, are becoming familiar with what is being done, are helping to guide the themes that may be developed and are identifying the partners up front, etc — I will not go over it all again — you are not going to maximise your potential.

That was very much the line that she took in the context of the ability of regions to do that. She emphasised the fact that there is a North/South dimension, which is very important. There is also an east-west dimension. Since I last spoke to the Committee, I have made contact with people in Scotland Europa, which has a very strong presence in Brussels and Glasgow. That gives a Scottish dimension. I have also been interested in what some of the regions in England are doing, just to make sure that the ideas that we are putting forward make sense, that people operate them and that they work.

I went to Barcelona, which is one of the places that the Committee visited to take evidence, to speak to the Catalonians and see what they did in the context of their regional intervention on research and development. Again, they did exactly what you need to do to be successful and get

the maximum benefit from R&D.

The idea that I came up with, which I discussed with some people when the commissioner left, was that there is nothing to stop us developing a North/South and east-west axis, because resources are limited and we are in difficult times. We could bring the South and Scotland into that. The South has the benefit of being a member state, which would give us a trans-frontier element. The Scottish happen to be members of the same state that we are in and will hopefully co-operate with us. I would even go as far as trying to engage with the Basque country to learn from them and get some type of co-operation going with them.

Why bring in Scotland? Some people would say that the UK is not interested, but my memory of working in research and development is that the UK was one of the big uptakers of research and development funding. If you include Scotland, you open up access to all of the partners that the Scottish work with, because we are talking about trans-European research. Therefore, you can, pardon the expression, piggyback on what the Scots, the Irish and the Basques are doing.

I would try to use the meagre resources that we are able to devote to that type of action to maximise the possibilities that are open to us in research, echoing what the commissioner invited us to do when she visited.

The last main point is about the European Investment Bank (EIB). When I first came here, I was asking about what we are doing in programmes like JEREMIE, JESSICA, and PROGRESS. I mentioned that the last time that I was here. The answer that I got was that such programmes involved participation from the structural funds, and, as they were all allocated, we could not do anything. That is fine; such things happen. However, the EIB does not necessarily involve only working with structural fund elements. The EIB is a bank; it is the best rated bank in the world. It gives loans; it does not give grants. I met people who are working on the green new deal, which I am sure most people around this table are familiar with. It involves the insulation of houses, energy efficiency, etc. I was proposing that we should not limit it to existing housing stock because, as far as I know, DSD is proposing to build 30,000 new homes. I do not see why the same approach could not be applied to new houses that are being built as to existing stock. If you work directly with EIB on that and not through the structural funds, you would be talking big money. You would have to have £20 million plus — and you would have that if you were looking at those schemes.

I brought together a few people, including Nigel Smyth — whom we all know — who heads up the CBI here and has been actively involved in the green new deal, and Mike Smyth, whom I am sure you all know very well. Mike is a well-respected and dynamic economist. We chewed over the ideas — we have to test such ideas, because sometimes they can be nonsense — and we all agreed that it made sense and that we should be making contacts.

**The Chairperson:**

Maurice, I will have to ask you to stop soon.

**Mr Maxwell:**

I think I am reaching the end anyway. There were other points that I could have raised, but those were the three main ones that I wanted to bring up.

**The Chairperson:**

Thank you. I want to ask you about something that you did not mention — the financial penalty to the Department of Agriculture from the Commission. I think that it is termed a “disallowance”. Is there any update on that? I understand that a legal case may have been taken by the Department of Agriculture, and I suppose that I should ask the Department, but is there any update from the Commission’s point of view?

**Mr Maxwell:**

The last thing that I was aware of from the Commission was that it noted that the Northern Ireland Executive were going to bring a case, that similar cases were brought before it by the Greeks, and that the Greeks lost those cases each time. I went to DARD myself and spent three or four hours with people there. They explained what the problem was and what they were doing to try to address it. I believe that it stems from a misunderstanding in the first place by DARD.

I will not get into too much detail, because I do not know how much time we have, but there was an historical element of 80% in what people used to get, and a 20% element related to mapping and what the areas were. The impression in DARD was that that sort of regime would continue. The Commission maintains that you can start with that as a basis for determining the envelope of money for the single farm payment, but the allocation of that money was not to be done on a historical basis but on a mapping basis. There was a fundamental misunderstanding on

the part of DARD as to how that money should be allocated.

**The Chairperson:**

So you are saying that DARD was totally wrong in its assessment?

**Mr Maxwell:**

I would not dare say that; I know that officials in DARD are working desperately hard to rectify the situation. They showed me many of the things that they are doing. It is not easy, but they are doing it well. It is going to take time, but it will not change the fundamentals of the case.

**The Chairperson:**

So your assessment is that the Department of Agriculture's legal challenge will not be successful?

**Mr Maxwell:**

The minute I say that, it will win the case and I will look stupid, but based on what I have seen and heard so far from the Commission, I do not believe that it will be successful. The Department's theme was the disproportionateness. It said that 5% was disproportionate to the potential fraud — or errors — that may have happened. I did see something coming from the Commission — I am always scanning things, I do not always study them — and I questioned whether the Commission might be looking at that question of proportionality. I would not put it in the context of this court case, but, as things develop, they might be looking at how those penalties may be applied in the future.

**The Chairperson:**

Do you have any idea how serious the financial situation is in the Republic of Ireland?

**Mr Maxwell:**

I have just left a television interview in which I was asked the same question, and I started by telling them that I know nothing about the economic situation in the Republic. However, it has been well documented in the press that the Republic's Prime Minister maintains that the Irish state has enough funding to see it through to at least the middle of next year in respect of its sovereign debt. Therefore, there is no problem there. However, the other side of the coin is that people say that the Republic has a problem with its banking sector. It is substantially state owned. Hence, you could lump it in with sovereign debt as well. Do not take this as gospel, but,

as far as I can see, the European Central Bank (ECB) is providing funding for the banking sector in the South. As you will know, banking is fundamentally based on confidence. I do not know whether you have seen 'It's a Wonderful Life', but, if you have, you will know what happened when the confidence disappeared. That is how banking works. If there is confidence, it works, but when confidence goes, it becomes contagious. That is the worry about the European Union. The worry is that the contagion will spread to Portugal, Spain, Italy and the whole project of the euro will come under question.

**Mr Humphrey:**

Thank you for your presentation and for your time. Can you expand on the cohesion policy? You talked about it being applied across the EU, and you mentioned a figure of 90%. Will you expand on that? You mentioned Peace I, II and III, and the possibility of there being a Peace IV. I think that it is very important that we are out there making a clear case for the continuation of the Peace programme and the lost-opportunity cost of not having it. Anything that the Committee can do should be done. Indeed, for Northern Ireland plc, it is vital that that case is put effectively. Will you comment on that?

**Mr Maxwell:**

We used to be under, in the old terminology, Objective 1 status when our GDP was below 75% of the European average, and then, when we went over that, we fell into the competitive employment side. They changed the terminology to Objective 2. Every time we bring out a new policy, we change the terminology, but the message that I was getting was that, as long as your GDP per head is less than 90% of the EU average, you would be in a category eligible to receive EU cohesion funding.

**Mr Humphrey:**

What are the opportunity costs of not having Peace IV?

**Mr Maxwell:**

For me, the point about that is that a lot of work needs to be done. I have often spoken about this issue around town with various people who are well placed in these matters, and the point that I continually make is that we need to have started the work some time ago to collate the information needed to put together the case for a continuation of Peace IV. As I said, what has it achieved, and what would we lose if we did not get a continuation of it? To be honest, that is a

necessary condition, but it is most certainly not a sufficient one. We need the support of key member states around the table when it comes to the horse trading at the end of the year when we are discussing the Budget. We have had friends around the table in the past, and I think that we all know who they are. We will have to rely on those friends again. However, if we have done our homework, made our case and demonstrated the needs, I think that we are in quite a strong position.

**Mr Humphrey:**

I hear what you say, but has the homework been done? Has the lobbying taken place to ensure that that support will be around the table when required?

**Mr Maxwell:**

I do not know.

**The Chairperson:**

OK. That is a simple answer.

**Ms M Anderson:**

Thank you, Maurice, for your presentation. You spoke about a cohesion policy; is that still being developed or is it being rolled out? My constituency is four miles from Donegal, so I would like some understanding of how to maximise the benefits for the greater north-west.

My second question is around networking. Bearing in mind that we identified that there were gaps, not just in the Department but in the Executive generally, in how we deal with Brussels, have you seen any kind of acceleration towards a greater engagement with Brussels by Departments since our report? Are you getting the sense that this Committee's inquiry raised awareness, which is what we were hoping to do? Do you think it is focused and that we are on the right track? I am not saying that we are there yet, particularly with networking, because we are obviously not.

**Mr Maxwell:**

To answer your first question on cohesion and the benefit of the north-west, I recently read a newspaper article written, I think, by a colleague of yours, Martina, who wrote something about creating an EU unit in the north-west. I did not quite understand what was meant by that, but I

can guess what is behind it; I think it was making reference to the EU unit that exists in Belfast City Council.

I recommend that you get a copy of the cohesion document and read it; it is not very long. You asked whether those things were being rolled out, but these are ideas. These are potential proposals coming from the Commission for post-2013 cohesion policy. Going back to the specifics, I think that if you are going to maximise your benefit, you do need something similar to what you mentioned. There are both urban and societal questions around cohesion. I did not have time to mention the 'Europe 2020' document, but that links back to research and development in that it states that there will be more meshing together of the policies, rather than have them isolated in silos and not building with each other. That document shows that the cohesion and R&D aspects are pointing in the same direction.

If you look at what we will call the framework programme aid, which, strictly speaking, does not exist yet, you will see there are big changes of focus in what the framework programme is going to address. A communication was issued by Commissioner Geoghegan-Quinn on 6 October; I am not sure whether you have had a chance to read that yet, but I recommend it. You will see that there will be much more potential for urban areas and urban hinterlands, especially if you bring in the inter-regional and trans-frontier aspects and add in the R&D stuff to benefit from these programmes. That will need work, study and follow up, and I agree that you will need someone to take that in hand if you are focusing on the north-west.

**Ms M Anderson:**

Derry City Council has passed a motion, and the chief executive has brought forward a paper to reflect that.

**Mr Maxwell:**

Good. Your second question is a bit more difficult to answer.

**Ms M Anderson:**

What is an honest assessment, from your point of view?

**Mr Maxwell:**

I think that the answer is no.

**Ms M Anderson:**

No? Therefore, there has not really been a step change?

**Mr Maxwell:**

If there has, I have not seen it.

**Ms M Anderson:**

Right. We need to take that on board.

**The Chairperson:**

No other members have indicated that they wish to ask questions. Thank you very much, Maurice. You have got off extremely lightly. Thank you for your most helpful presentation. We look forward to continuing engagement with you and others in the European Union sector. Obviously, that is important for the Committee as we take our work forward.