



Northern Ireland
Assembly

Committee for the Office of the First Minister
and deputy First Minister

OFFICIAL REPORT (Hansard)

European Issues:
Briefing from the Rt Hon David Lidington MP,
Minister of State for Europe

8 May 2013

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Members present for all or part of the proceedings:

Mr Mike Nesbitt (Chairperson)
Mr Chris Lyttle (Deputy Chairperson)
Mr Leslie Cree
Mr Colum Eastwood
Ms Megan Fearon
Mr Alex Maskey
Ms Bronwyn McGahan
Mr Stephen Moutray
Mr George Robinson
Mr Jimmy Spratt

Witnesses:

Mr Thomas Barry	Foreign and Commonwealth Office
Mr David Lidington MP	Foreign and Commonwealth Office

The Chairperson: We welcome the Rt Hon David Lidington MP, who is the UK Minister of State for Europe. Some of you will have met him upstairs earlier. The Minister very kindly attended a reprise by three of the beneficiaries of Peace III funding. I think that it is fair to say that it was quite impactful, particularly the Theatre of Witness. Minister, you are very welcome. Would you care to make some opening remarks?

Mr David Lidington MP (Foreign and Commonwealth Office): Thank you very much indeed. I am very pleased to be here. I should say for the record that on my right is Mr Thomas Barry, the deputy head of EU Internal at the Foreign and Commonwealth Office (FCO). In the three years since the current UK Government were established, co-operation and consultation arrangements between the UK and the three devolved Administrations have become more inclusive and more effective. I think that devolution is working, including here in Northern Ireland. It is a work in progress. We are exploring the implications of devolution for things such as our management of European Union issues as we go along. However, I think that our arrangements allow for Northern Ireland's devolved interests to be vigorously represented at European and at international level, with the active assistance and support of the United Kingdom Government. I am pleased, for example, that the FCO has been able to offer considerable assistance to Ministers from the devolved Administrations when they make overseas visits, such as that which the First Minister and deputy First Minister made to Brazil in March this year. I understand that that was a success in promoting Northern Ireland as a

place in which to do business and as a tourist destination. That was done in a country where, until now, Northern Ireland has had a relatively low profile.

Visits work both ways. Until very recently, it might have struck a number of us as bizarre that the permanent under-secretary of the Foreign and Commonwealth Office should pay a formal visit to Northern Ireland. Under the devolved arrangements, that should be seen as perfectly normal. When Simon Fraser came here last month, he did so to demonstrate the FCO's support for Northern Ireland business, as well as the work that we do through our embassies overseas and through UK trade and investment working with Invest Northern Ireland. He also wanted to understand directly from the devolved Administration here and from representatives of Northern Ireland business how we might further improve that work.

I think that co-operation at European level is also working well and is evolving in a way that benefits us all. You will recall, Chairperson, that the Foreign Secretary wrote to all three devolved Administrations in 2010 about devolved Ministers' attendance and representation at Councils. I was pleased when, earlier this year, Ministers from the UK and the three devolved Administrations agreed to reinforce our practice on attendance and representation of the UK and devolved interests at the European level.

That has built on the advances that the Government have made in ensuring that the views of all parts of the UK are fully reflected in the development of our EU policy, in which we all have a mutual interest. We agreed that UK Ministers should look favourably on devolved Ministers' requests to attend Councils and, on the occasions when attendance is not possible, to explain the reasons for that.

UK Ministers recognise the importance and benefit of working together with the devolved Administrations on matters that are of mutual interest. They also see the benefit of involving them as fully as possible in discussions about the formulation of the UK's policy position on all EU and international issues that touch on devolved responsibilities. I realise that those most recent changes have yet to be formally agreed at the next Joint Ministerial Committee plenary meeting, but I believe that they will mark an important further step in building on the good working practices that have been developed in recent years.

The most important thing is to develop a habit of teamwork. It is certainly my belief and that of the Government that it is essential and beneficial to the overall UK negotiating position that there be early and regular — routine, I might say — consultations between the lead UK Department and the relevant part of each of the three devolved Administrations when EU negotiations touch on devolved responsibilities.

I believe that we now have some of the most inclusive arrangements anywhere in the European Union, with Ministers from devolved Administrations often being part of the UK delegation and devolved Ministers sometimes speaking on behalf of the United Kingdom. I believe that the Government and the devolved Administrations work together as part of an effective UK team at the European level for the interests of everybody in the United Kingdom.

There are many such issues on which we need to work as a team. The Committee will be aware, for example, that the Government are going to the European Court of Justice (ECJ) to challenge the Commission's decision to impose a disallowance over administration of the common agricultural policy's single payment scheme in Northern Ireland for 2009. I am pleased that the Government have been able to agree to the Northern Ireland devolved Administration's request to bring a challenge to the ECJ against the disallowance penalties. I certainly understand how important that issue is in Northern Ireland.

The agreement on structural funds, which is now subject to ratification by the European Parliament, will pose challenges for Northern Ireland. To soften the impact of the changes in funding, the Government are providing Northern Ireland with a total allocation of around €457 million. That represents an uplift of €181 million compared with the amount that Northern Ireland would receive under the original EU formula. It will, of course, be up to Northern Ireland Ministries to decide on allocations to individual programmes and projects.

Earlier today, I saw a series of presentations on Peace funding. I was encouraged to see how that programme is being delivered on the ground. I am pleased, therefore, that the multi-annual financial framework (MFF) agreement, which was reached in February, includes €150 million for the Peace programme. It is important that Peace IV contain challenging priorities to address the significant

challenges that remain in Northern Ireland, especially on segregation and division, and in addressing the challenge of building a shared society.

In tackling those issues, I believe that we have robust and flexible working arrangements with the Executive here in Belfast, as we have with the other devolved Administrations. I look forward to hearing the Committee's views on how Northern Ireland's interests are represented in Europe. I am certainly open to the Committee's suggestions on how we could develop that co-operation further.

The Chairperson: David, thank you very much indeed. There is a lot to discuss, but you may wish to comment further on what you saw upstairs earlier. I sense that you were very impressed, not least by the Theatre of Witness.

Mr Lidington MP: I was very impressed, and I was moved by some of the presentations that I saw. It was clear to me the importance of Groundwork Northern Ireland's work in trying to build trust and address interface areas by trying to secure agreement to the opening of gates and, one day — we all hope sooner rather than later — the dismantling of the peace barriers. It made clear that this was a matter of attitude and of building mutual trust, not simply of removing a physical barrier in the hope that that somehow will solve the problem. I think that the Football for All project was a remarkable demonstration of how to try to involve young people from both sides of the sectarian divide in finding a better way forward, and it reminded us of the need to be vigilant and not to assume that a new generation is automatically free of old sectarian attitudes and prejudices. That has to continue to be worked on.

I thought that the theatre group showed a remarkable capacity for encouraging people who had been the victims of the Troubles — people on both sides who lost family and close friends — to come to terms with their own experiences by telling their stories and listening to the stories of others, including people with whom they would once have found it impossible to be in the same room, let alone work with on a shared theatrical presentation. So, I came away thinking that that spending was, indeed, of good value. Of course, one has to make sure that it continues to be efficiently managed and well targeted.

The Chairperson: As you said, if the multi-annual financial framework goes through, there is currently €150 million for a Peace IV, which the British and Irish Governments could top up.

Mr Lidington MP: The final details of that are, of course, still under discussion. Under Peace III, as you know, Chairman, there was additional funding from the Northern Ireland Executive and the Irish Government. I do not want to make a promise of more than the match funding that is already there under the existing arrangements. However, I will take careful note of that, and I will make sure that those aspirations are reported back. As Chairman of the Committee, you will understand that there are significant pressures from all parts of the UK on devolved spending. For reasons that we understand, public spending in Northern Ireland is around 25% higher than the UK average, and the settlement on structural and cohesion funds, through a decision of the UK Government, protected Northern Ireland very substantially against the significant reductions that were implicit in the original EU formula.

The Chairperson: It might be useful, David, for the Committee to hear your perspective about where those competing pressures come from. For example, there are areas of deprivation in Wales that we do not necessarily have on our radar.

Mr Lidington MP: When I talk to the Welsh Government, I find that they are concerned about protecting the areas of particular need in west Wales and the Valleys. They also make representations to say that, if there were a greater focus for structural and cohesion funds in the poorest regions, as we in Westminster wish to see, it would mean that there would be a reduction for places such as mid-Wales. As the Committee knows, we were originally opposed to the idea of transitional regions. Scotland, too, has concerns about the impact on it. However, if you compare the original EU formula that is coming out of the MFF deal with what is now being proposed, after it has been discussed at national level by UK and devolved Ministers, you will find that it is some of the areas of England that would lose out most dramatically. That is because, in effect, the positions of the three devolved areas are being safeguarded. Everybody is having the 5% cut. In some parts of England, we stood to get an increase under the original EU formulation. However, we felt that, looking at everything in the round, the UK Government's proposal struck the right balance. So, that is perhaps an indication that there are some quite difficult competing interests to try to manage.

The Chairperson: The three devolved Administrations all approach Europe differently. Scotland has a dedicated Committee, Wales has decided to mainstream, so it has no Committee, and we are a Committee that has European issues among a batch of responsibilities. Obviously, I am not going to ask you which you think is best, but can we learn from things that Wales and Scotland do that we do not?

Mr Lidington MP: I am certainly not going to say which I think is best. I think that it is horses for courses. I encourage this Committee and Northern Ireland Ministers to assess their relationships with UK Departments on an ongoing basis and to look at where they can be improved. I also encourage them to look at Holyrood and Cardiff Bay to see whether lessons can be learned or experiences avoided. Each of the three devolved Administrations is slightly different, so it is a matter of pragmatism and building the sorts of relationships that are going to work, rather than necessarily having a formal structure that is designed in a particular fashion.

Contact with the UK permanent representation in Brussels is important here. So, too, via the Foreign and Commonwealth Office, are the contacts with the 26 — soon to be 27 — other member state Governments. That is because you cannot get a deal at EU level simply out of Brussels; it cannot all be solved in Coreper. You are looking at 26 other national capitals giving a mandate to their representatives, so dealing with Berlin, Paris, Madrid, and so on, becomes important. I would not expect Northern Ireland to want to take on that role directly, but we, as the UK, see our job as having a UK position that reflects properly the interests of the devolved areas and making sure that that agreed UK position is vigorously represented in our conversations in every EU capital.

The Chairperson: Of course, we are a unique European region, in that we have the Barroso task force. How do you assess its impact? What has it done for us?

Mr Lidington MP: I think that we have a record of EU spending in Northern Ireland being of pretty good quality. However, the problems were massive in the first place: it was not as though you were shooting at a small target. I would like to take that thought away and perhaps think it through. Looking ahead to the new Commission's coming in next year, and given how Northern Ireland has moved on, we have to consider now whether that is the best way to continue to address the challenge of Northern Ireland from a European level — although that is not in our gift — or whether it is something that we ought to look at doing slightly differently.

Mr Eastwood: You are very welcome, Minister. Can I just ask you a slightly political question, given the recent elections in Britain that gave rise to UKIP? A lot of people will be worried about that, and your own party would be pretty worried about as well. What impact will that have, given that we have talked about Northern Ireland having a land border with a euro zone country and doing quite well out of Peace funds and such things? Is there potential for the UK to leave the EU? If that happened, I think that it would impact disproportionately on us.

Mr Lidington MP: First, speaking in parenthesis, of course the fact that you have a land border with a euro zone member state will continue while we are members of the EU. That is because I do not see British public opinion changing in the foreseeable future, and I do not support British entry to the euro. Let me take your question head on. The first point is that the Prime Minister made it very clear in his speech in January at Bloomberg that he wanted to see the United Kingdom remain as a full member of the European Union, shaping its policy and direction, rather than being in the position of Norway, for example. Norway is influenced enormously by EU rules and policies and has to accept EU rules on trade, but does not have a say or a vote on how those are devised. He said plainly that he did not see the Norwegian or Swiss models as preferable to full EU membership.

Secondly, he also said that the European Union needed significant reform to make it more competitive, flexible and democratically accountable. There is a big Government agenda to move that forward. Thirdly, the reality in the United Kingdom and many other EU member states is that there is widespread public disaffection about the EU and how EU decisions are taken. Certainly, if you look at British opinion polls, you will see that large numbers of people are saying that they are thoroughly fed up with the EU and do not think that EU membership benefits them. If you look at France, you will see that a third of French voters supported either the Front National or Monsieur Mélenchon's party in the first round of the presidential election last year. If you look at Finland, you will see the True Finns party capitalising on that same genuine discontent with European-level decisions. In some parts of Europe, such as Jobbik in Hungary and Golden Dawn in Greece, you can see some extremely unpleasant and dangerous elements of an old European neo-fascist tradition starting to re-emerge. That is seriously worrying.

So, it would be wrong to think that it is a deeply UK phenomenon. The Government are committed to demonstrating that we are able to secure outcomes at European level that are of positive benefit to the prosperity of people living in any part of the United Kingdom. They also want to demonstrate that we can control EU spending, as was shown in the MFF agreement; that we can get free trade agreements with the United States, Canada and Japan, which is high on the agenda at the moment; and that we can make a reality the policy that all members states accepted in the Commission last year to exempt microbusinesses from all new EU regulations as the default position. That would be of great value for Northern Ireland's business sector in reducing the overall burden of regulation here and in securing the reform of the common fisheries policy. The United Kingdom and devolved Governments have wanted to see that for decades, with the result that there would be an end to the obscene practice of discarding and a shift to more local and regional management. Those things have been agreed in principle, so we need to make sure that they are delivered in practice. If we get those outcomes and can secure further reforms that make the EU more democratic and flexible, I think that it will become a bit easier to make the case that, overall, it is in the interests of British people to be part of that organisation.

Mr Eastwood: Hopefully, you are going to campaign for a yes vote if there is a vote.

Mr Lidington MP: In his capacity as Conservative Party leader, rather than as leader of the coalition, the Prime Minister, said that, if he is Prime Minister and leads a Government after the 2015 election, he will put an in/out referendum to the people of the UK, in the campaign for which he hopes he will be in a position to campaign enthusiastically for a yes vote.

The Chairperson: Will there, presumably, be renegotiation in between?

Mr Lidington MP: Renegotiation and reform. Some reforms can be attained without treaty change, but the Prime Minister has said clearly that some of the changes that he hopes to see would almost certainly need treaty change. Indeed, a reopening of the treaty seems probable at some stage once the new European Parliament and Commission are in place.

The Chairperson: Am I correct in thinking that we in the UK are trading at an increasing deficit in Europe?

Mr Lidington MP: It depends a bit on which month or quarter you look at. We have had a deficit in goods for a long time. To some extent, that has been balanced by a surplus in services. Of course, since 2008, for the reasons that everybody understands, we have seen a downward pressure on our financial services exports not just in the EU but globally. Since our financial services markets tend to be in the most developed economies around the world, that retrenchment in that sector shows up most in the trade figures with those economies, including the EU.

Having said that, my view and that of the Government, is that we should see the EU and emerging economies as complementary markets, not as alternatives. Roughly speaking, half our trade is with the 26 other member states in the EU and the other half is with the world beyond the EU. At the moment, we still sell more to one German land, North Rhine-Westphalia, than to the whole of India. In part, that is a lesson that we need to raise our game further in exporting to India. It is also a reminder that those developed markets in Europe and in North America will remain of central economic importance to us as far ahead as we can see.

The Chairperson: A colleague of yours put it to me that the current deficit is at £70 billion.

Mr Lidington MP: Seven zero?

The Chairperson: Yes.

Mr Lidington MP: Tom, do you have the figures for that?

Mr Thomas Barry (Foreign and Commonwealth Office): I do not have the figures. However, I would treat the EU trade figures with extreme caution. We are in a trade area where the figures are not very good because of the way in which goods move around the union; people talk about the Antwerp or Rotterdam effect. So, although we can talk in broad shades about trade — what is up and what is down — the movements are more reliable than the overall volume. So, the Minister's point

about the UK's relationship with the EU and the world overall should be seen in that context. The issue is not just about the bilateral balance for a particular member state or, indeed, the EU as a whole.

Mr Lidington MP: Although I would not argue that trade figures are insignificant, they are not written on tablets of stone. We are in a world of global supply chains. So, every Rolls-Royce engine in an Airbus aircraft has enormous value to British industry and employment. However, the aircraft itself will show up in France's exports statistics when it is sold on to somewhere outside Europe. So, one has to take into account that today's supply chains operate on a global basis. Again, that makes it more difficult to measure precisely what these trade figures mean.

The Chairperson: On that note, I should take the opportunity to plug our Bombardier manufacturing plant down the road. It builds probably the most advanced composite wings on the planet.

Mr Maskey: Thank you, David. You are very welcome today. Following on from Colum's point, obviously, it is none of my business what Britain does about the EU, but I appreciate that it is your democratic wish. It is not for me to comment one way or another on what your people democratically decide. However, you do have an international treaty with the South of Ireland, so, whatever happens, it will have an impact on this island as a whole. So, the treaty needs to be borne in mind and discussions with the Irish Government need to be ongoing, although I presume that that is happening. I just make that point as an observation.

One of our Executive's Programme for Government commitments was to uplift the drawdown that we take from Europe on a range of funding streams by about, I think, 20%. Is that right, Chair?

The Chairperson: On competitive funds, yes.

Mr Maskey: Yes — competitive funds. I just want to pick your brain on this or get a wee bit of advice. Obviously, as the Chair said, that is for competitive funding. Additional officers will be sent to Brussels to try to help us to draw down more of that money, but that will perhaps be at somebody else's expense. Have you any views on how we might seek to broker that with other countries?

Mr Lidington MP: First, I would say in response to Mr Maskey that the Prime Minister is very alive to the importance of the relationship with Ireland, the fact that the UK/Ireland treaty of 1998 was an integral part of the Belfast Agreement and that it has standing in international law in its own right. In any hypothetical discussion about the United Kingdom's place in the European Union, I have made clear where the Prime Minister wants to be in that respect. He will always have in his mind the critical importance of that relationship with Ireland and its importance for the settlement here.

As for the second part of the question, I think that we would be looking at a bid, presumably by one of the devolved Departments rather than a Westminster Department. It is very difficult for me, as a Foreign Office Minister, to place myself in the seat of one of the elected Ministers on the Executive here, with his or her responsibilities. My advice to that Department would be to talk directly to the UK Department responsible, in UK terms, for that funding stream. That would probably be the Department for Business, Innovation and Skills, but it could be that some other Departments may be involved. The devolved Department should also talk to our people on the ground in Brussels, who deal with the Commission on a day-to-day basis. They might say, "I think you need to go and see a Commission official, or, if necessary, we can go in and make representations to the Commission if it is a real political problem." I would use the network in that way.

Mr Moutray: You are very welcome, Minister. As part of the Queen's Speech today, one of the 20-odd Bills that were announced was a Deregulation Bill, aimed at reducing red tape and bureaucracy. We welcome that. However, much of the red tape and bureaucracy that we have to endure comes from Europe. Are we making any headway in Europe in cutting back on red tape and bureaucracy?

Mr Lidington MP: The feeling that I get from industry anywhere in the United Kingdom is that its number one problem is the overcomplication and excessive cost of regulatory compliance. In part, that is a national issue and, indeed, in part, a devolved issue. However, it is also, in part, a European issue. We are trying to address the issue at European and national level. At European level, last year, we secured the exemption for microbusinesses from new regulations, to which I referred earlier, and there was a further instruction from the European Council to the Commission to go back over the existing rule book and seek to apply that microbusiness exemption retrospectively.

Along with like-minded countries, such as the Germans, Swedes and Dutch, we are pressing the Commission to take ambitious action to reduce regulatory costs. In fairness, President Barroso says that he has more than met his target of reducing the cost of administrative regulations on small and medium-sized enterprises (SMEs) by 25% during the lifetime of his Commission. That reduction now stands at over 30%. However, administrative costs are, of course, only one element in overall regulatory costs, so we are saying that there is a need to go further.

The Commission has just compiled what it calls a scorecard, which follows consultation with industry across Europe and sets out the 10 areas of regulation where businesses themselves are saying that they want to see action to reduce cost and complexity. We are saying to the Commission — we are arguing ahead of Council and European Council meetings — that it needs to act seriously on this issue. We are encouraging sympathetic Members of the European Parliament, such as my colleague Malcolm Harbour, to do the same. Our key argument is that, unless Europe is able to raise its game in global competitiveness, the next generation of Europeans simply will not be able to afford the standard of living or degree of social protection that we take for granted now, because a historic shift of economic power to the emerging economies of Asia and Latin America is ongoing. Although that also produces great opportunities for us to sell to new markets, it means that we have to raise our game. It is not about sending little boys up chimneys; it is about having regulations that are proportionate to the problems, and avoiding unnecessary complexity and expense.

At national level, we have been looking at how EU level regulations are implemented. For example, Ministers at Westminster must now explain themselves and get approval from their colleagues if they want to go further than what is specified precisely in the directive that is being implemented. Any gold-plating has to go into a collective process and has to be approved formally, with very powerful reasons for doing it. We are also saying that, unless there is competitive advantage for us from the early transposition of an EU directive, we should get everything ready for compliance in order to avoid infraction, but should not actually do it until we get closer to the deadline and know that everybody else will be lined up. In doing that, we will not pile costs on ourselves up front while our competitors get a year or two of cheap price competition.

Mr Moutray: Perhaps it is an opportune time to take on a consultant. Sir Alex Ferguson might be available. He has always been able to cut through the red tape and deliver at the end of the day.

Mr Lidington MP: That is an intriguing suggestion.

Mr Moutray: I am not sure whether he is a true-blue Tory, but anyway.

Mr Lidington MP: He was not the last time that I asked. *[Laughter.]*

Mr Cree: Thank you, Minister, and welcome. During visits to Brussels and Strasbourg, one thing that I found with regard to any proposals that are being formulated — I have been told this by many sources — is that the secret is to get involved before it becomes apparent above the water line. Once a paper has been produced, it is very difficult to change the proposals in it. I was, therefore, very disappointed when we visited our permanent staff and, indeed, your permanent staff to be told how it is handled: when the paper comes out, they take a look at it and see how they could try to change it. Have things changed? Are you aware that there is an undercurrent of ideas being floated and that people are involved in helping to shape thoughts and proposals before they actually appear on a piece of paper?

Mr Lidington MP: Yes. There is a conscious cross-governmental effort to improve — to use the jargon — upstream engagement. For some time, I felt that we were not as good as some other countries at getting to know when ideas were first being kicked around in the directorates-general, before they got to the form of a published draft paper, or even non-paper. When it has been printed, what you have in front of you is a text that itself is the product of political lobbying behind the scenes. Then, you have to start arguing about individual phrases and sentences. It is much better if we can get in at that pre-drafting stage. I am not saying that we are yet at the standard that I would like to see. However, I chair a Cabinet subcommittee on European affairs with Ministers from other Whitehall Departments, and we review the issue of upstream engagement regularly.

I would like to see us make greater use of the European Parliament's power to generate own-initiative reports, which, under the treaty, require a formal response from the Commission. If we could get sympathetic MEPs to come up with an own-initiative report more frequently, that would play to our interest as well.

The Chairperson: I am devastated that a twice winner of 'University Challenge' is engaging in embracing "upstream engagement". *[Laughter.]*

Mr Lidington MP: I did say it was the jargon.

Ms McGahan: Welcome, and thank you for your presentation. You mentioned global competitiveness. I am from County Tyrone where we have a large manufacturing and engineering sector. A lot of our companies travel to the Hillhead event every year. I do not know whether you are aware of it, but it is a large event held in Britain where a lot of companies attend to demonstrate the machinery that they make, and so on. Those companies get some financial assistance from Invest NI, but it is not really enough. You referred to the Asian and Latin markets; that is where people want to tap into. Have you had any discussion on providing financial assistance to companies or advice on how they could get over those barriers?

Mr Lidington MP: UK Trade Investment (UKTI) works closely with Invest Northern Ireland, and we are engaged in a drive to try to encourage more SMEs across the UK to think about exporting. The relevance to Northern Ireland is obvious to any elected representative here. UKTI has allocated certain sums of money — around £10,000 a year at the moment — to Invest Northern Ireland under UKTI's market visit support programme, and that is to support extra Northern Ireland trade missions to third countries. That is on top of annual existing programmes, so there is a bit of extra cash going to Invest Northern Ireland in acceptance that there is a challenge here.

UKTI has also been working with each of the three devolved Administrations to help with putting forward companies from their jurisdictions as part of high-level business delegations to accompany either the Prime Minister or other senior UK Ministers when they are on an overseas visit to, for the sake of argument, India or Brazil. That is in addition to anything that the Ministers, including the First Minister and deputy First Minister, do in their own right. I want to see that relationship between UKTI and Invest Northern Ireland improve further. I cannot comment on particular companies in County Tyrone. If they have experienced problems, by all means write to me following this meeting and I will take that up with the appropriate part of the UK Government.

Ms McGahan: I raised that as a comparison. It is not one company; it affects around 80% of companies in the Tyrone area.

Mr Lidington MP: There is a challenge for SMEs in every part of the United Kingdom. As the Northern Ireland economy is so dependent on SMEs, I think the issue is particularly evident here, but it is a sectoral issue, not just a Northern Ireland issue.

Mr Lyttle: Thank you, Minister, and thank you very much for your attendance at the session with the EU Peace funding groups earlier today. I hope that you will communicate back to the Prime Minister and the Secretary of State what our organisations are able to achieve at a grass-roots level with strategic and financial support for peace-building.

How are the views of devolved regions such as Northern Ireland incorporated into negotiating positions on key issues such as the structural funds and the related criteria for eligibility?

Mr Lidington MP: There is a series of memorandums of understanding that embody the relationship. However, as I said earlier, the key to making this work well is to make a reality of the relationship and build that habit of working together, rather than simply relying on some sort of formal guidance note. We have a system under which any UK Government Minister, when they put together a negotiating position on an EU matter, has a standing instruction to consult the devolved Administrations if that EU dossier touches on devolved responsibilities. That Minister then has to get agreement from the European affairs committee of the Cabinet, which is chaired by the Foreign Secretary, for the negotiating position that he wishes to adopt, and he either writes to other members of that committee or a paper is tabled at a meeting. As part of the paper or letter, the Minister and Department making the proposal are required to say whether it affects the devolved Administrations, and, if so, what consultations there have been and what particular devolved interests might be at stake. Therefore, that is built into the formal making of overall UK negotiating positions.

We have an arrangement whereby the Prime Minister encourages UK Ministers to say yes when a devolved Government wants their Ministers or officials to attend a Council meeting. Occasionally,

there has been a request by a devolved Minister to speak, and, sometimes, that has been possible. For example, on Fisheries Councils, normally officials and sometimes Ministers from all three of the devolved Administrations are present. On one occasion, I was in Brussels to talk to my colleague Richard Benyon, Fisheries Minister for the UK, and I saw the attendance list. There were more officials from the three devolved Administrations than from the UK Government in the delegation. It is not always possible to get everybody into the meeting room because there is a quota of seats allocated to each member state, but we are trying to make that work well.

Informally, I have in place a system whereby, before every General Affairs Council (GAC), which are always held a few days before European Council summit meetings, I am available if the devolved Ministers concerned want to call me about something particular that they want to discuss that is important at the GAC and perhaps at the summit meeting. In the case of Northern Ireland, that is the junior Ministers in the Office of the First Minister and deputy First Minister.

Mr Lyttle: Do you feel that the interests of the devolved regions are being well represented?

Mr Lidington MP: I think that they are being well represented. With any human institution, there is always room for improvement. There are quarterly meetings of the Joint Ministerial Committee on Europe, which brings together UK Ministers and devolved Ministers to talk about and review progress on European policies. Those are opportunities for people to say whether they think the system is not working as they would hope.

Mr Spratt: Thank you, Minister, for your presentation. I am sorry that I did not meet you earlier, but I am Chairman of the Committee for Regional Development, which was meeting this morning. On that theme, I want to ask you about European funding, TEN-T funding and transport structures in Northern Ireland. As it stands at the moment, ferries transport goods between Stranraer and the South of Ireland. In respect of the TEN-T funding, one of the major issues, particularly for hauliers using the Northern Ireland link with Stranraer or Cairnryan, is the A75. Is there any possibility of putting on some pressure in the hope that we can get some TEN-T funding for those links, and possibly more links with Belfast International Airport?

Mr Lidington MP: Are we talking about the A75 in Scotland?

Mr Spratt: Yes.

Mr Lidington MP: I have to make the caveat that, of course, the MFF has to be consented to by the European Parliament, and then the various regulations associated with the MFF have to go through all the legislative procedures. Anything that I say is subject to those being agreed. I am not going to rule in or out improvements to the A75. Having travelled that route from Stranraer —

Mr Spratt: It is a key route.

Mr Lidington MP: Yes; I know what the problem is. The Northern Ireland Executive and the Scottish Government would first need to work together and then in partnership with the UK Government to make that bid for money from the TEN-T programme. I simply do not know at the moment exactly what the criteria will be for eligibility.

Mr Spratt: It is a very substantial fund.

Mr Lidington MP: Although the sums allocated to the Connecting Europe Facility were reduced considerably from what the Commission originally proposed, what came out of the MFF deal was still a very big increase on what is in the current framework. There is certainly plenty of money. I very much want to see projects that will benefit the UK, such as the A75, being able to have access to that pot. However, I repeat that the key thing is to get Holyrood, Stormont, the two Secretaries of State and the Department for Transport in London all lined up with a package that they are agreed on and can push hard in Brussels.

Mr Maskey: On a lighter note, I notice in your bio that you like a wee sing-song. What is your party piece? *[Laughter.]*

Mr Lidington MP: I probably better not say any Irish ballads from either side. It would have to be something English. There are a couple of nice Victorian ballads about the battle of Trafalgar, although I am not sure that I could reach the top notes in those any longer.

Mr G Robinson: What about 'Danny Boy'?

Mr Lidington MP: 'Danny Boy' goes pretty high, but I could probably still manage that.

The Chairperson: Thank you, Alex.

Minister, when you spoke to the House of Commons Committee in October, you suggested that UKRep might look at giving off-the-record briefings to parliamentary Committees.

Mr Lidington MP: Yes.

The Chairperson: Is that happening? Is there any possibility that it might be extended to devolved Committees?

Mr Lidington MP: On the first point, we have for some time operated a system by which Foreign Office officials give informal briefings to the Europe Committees of the Commons and the Lords. FCO officials will occasionally give informal briefings to the Foreign Affairs Select Committee, although those have mostly been on non-EU matters. That has been quite useful when there have been very fast-moving sanctions and negotiations and we wanted to bring the Committee up to date, but were not in a position to send a formal explanatory memorandum. I have not previously considered whether that should apply to the devolved Administrations. We would have to think about the practical impact of that. It might be easier if the Committees were prepared to travel to London, rather than expect my officials to come to all three devolved capitals, if we were to offer such a service. I am happy to look at that idea constructively to see what we can do if the Committee wants to have more information than it feels it has at the moment.

The Chairperson: Excellent. David and Tom, thank you very much indeed for your time. We wish you a safe onward journey. I believe that you are bound for Dublin.

Mr Lidington MP: Thank you. I am off to Dublin tomorrow. I am going to some business visits around Belfast this evening.

The Chairperson: Enjoy your day. Thank you very much.