



Northern Ireland
Assembly

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

**OFFICIAL REPORT
(Hansard)**

European Issues

1 November 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 Tom Elliott (Chairperson)
Ms Martina Anderson
Mr Barry McElduff
Mr Francie Molloy

Witnesses:

Ms Bairbre de Brún MEP
Mrs Diane Dodds MEP
Mr Jim Nicholson MEP

The Chairperson (Mr Elliott):

I thank Bairbre, Diane and Jim very much for their attendance. You are very welcome. We hope that this will be part of an ongoing discussion between the Committee and our MEPs.

Ms Bairbre de Brún MEP:

Thank you for the invitation. It will be very useful for us to come to the Committee on a six-monthly basis to brief you on what is happening at an EU level and on what is coming up.

At the moment, the staple points are the Budget review, reform of the common agricultural policy (CAP) and reform of the common fisheries policy (CFP). Those issues will all be coming up in the year ahead and in the next round of the structural funds. There will also be a debate

around economic governance and financial regulation. A lot of that has already come through the Parliament, but there are other pieces to continue working on.

Major pieces of work coming up include a sustainable future and tackling climate change. The work on a sustainable future features quite prominently, particularly about energy efficiency, resource efficiency and the whole move towards a low-carbon society, in the European Commission work programme, which was published on Wednesday. Those are some of the big building blocks.

Other elements of interest that Committee members may want to ask about include the debate on the 2011 Budget, which you will have seen in the news and is separate from the Budget review and the multi-annual framework. The latter will be decided next year up to June. We will then look at the big blocks post-2014 and decide what chunk of the EU Budget each sector of the economy will get and what size the overall EU Budget will be.

Other items of interest to us include the whole question of the dairy package, public services and cross-border healthcare. Innovation is also of interest to us and ties in with Commissioner Geoghegan-Quinn's visit here on 12 November. The issue is how we can tap more into the EU to build on innovation. Education and pensions are other areas that will be of interest to Committee members.

People will want to look at the big blocks in more detail, particularly CAP reform. The Commission communication document is due out on 17 November. My colleagues will want to talk about that as well, but the options in it are likely to be similar to those in the leaked document. That will be hugely important to us, but of equal importance will be the long-term Budget review, the Budget debate and what part agriculture has in the overall EU Budget.

There is a much smaller item on energy and resource efficiency. Also of interest to us, however, is a €115 million fund available for local energy efficiency measures and projects, and we should be looking at that. Also, small but significant for us is whether we can secure a further round of Peace funding from the EU. We will be looking at that, too.

I will now pass over to my two colleagues to speak, and I will take any questions you may have later.

The Chairperson:

OK, thank you very much, Bairbre.

Mrs Diane Dodds MEP:

Thank you for inviting me. I appeared before the Committee on my own last year, which involved almost two hours of grilling. So, I expect to escape lightly today.

The major European issue that has made the headlines and will continue to do so is the Budget. On Friday, David Cameron came back saying, “Isn’t it great: we have secured a 2.9% increase, an increase of £430 million for UK taxpayers, but it could have been worse, because we could have had what the Parliament wanted, which was a 6% increase.”

The Parliament is absolutely determined that, with the increase, as it says, in its powers under Lisbon, it needs an increase in its Budget. I have attended a number of Committee meetings and debates in the Parliament, and it seems that, when people go to the European Parliament, they morph into something else. Therefore, the reality of what is happening in national Governments and national member states does not strike home.

The Parliament voted by a substantial majority. There were those of us who voted against the increase, and will continue to vote against it. However, there will be a substantial amount of debate. What happened at the weekend was only a reaffirmation of the Council of Ministers’ previous decision to go for a 2.9% increase. Nothing new happened at the weekend in that respect. What happened, and which was remiss, was that, although David Cameron said that he would go for a 2.9% increase, he did not secure any concessions on treaty changes, which are wanted by Merkel and Sarkozy.

The Budget is the big debate and will consume the Parliament for a considerable time. Many in the Parliament, including Schulz and the leaders of the two main groups, want to grandstand on the issue. Under Lisbon, the Parliament and the Council of Ministers must consent to the Budget. Lisbon puts each on a par. There will be significantly more debate, and the Strasbourg plenary session in two weeks’ time will be very interesting.

Later this month, we have the visit of Commissioner Máire Geoghegan-Quinn, who I met a

couple of weeks ago. The seventh framework programme for research and technological development is drawing to a close. There is some opportunity for re-profiling some moneys in that programme, particularly because they realise that they have not reached the target on giving and helping small and medium-sized enterprises (SMEs). We are, of course, making the point that Northern Ireland is a small-business economy. Therefore, any re-profiling of that programme would be very good for us.

I recently met Gordon Best and the Northern Ireland quarry industry about the aggregates levy credit scheme. A court decision said that the scheme is not compliant with competition rules. According to the Treasury, it will, therefore, cease on 1 December. That is significant for Northern Ireland. The scheme allows us to sell quarry products, for example, stone, at a competitive rate. If that scheme were to no longer exist, we would lose our competitive edge. At a time of capital budget restraints and cutbacks, the ending of the aggregates levy credit scheme could potentially add £25 million to the capital budget here in Northern Ireland, and that does not even include private development. Given the depressed state of the sector, it is a significant scheme. We met the commissioner to discuss that, and we await further feedback.

Another prominent issue for me is van drivers' hours and rest periods, particularly for those who sell bread and milk to small local shops. Work is being done to trying to improve the 45-hour rest period. As Niall Irwin of Irwins Bakery said when he came to see me one day, that will add significantly to the cost of a loaf if we cannot do something about it.

CAP reform is a big issue for Northern Ireland. The details of that will come out on 17 November, although we have had the leaked document, which covers everything under the sun but does not really come up with many firm proposals. We were very pleased to see the continuation of Pillar 1 payments in the leaked document; that is very important. I have some concern about the transfer of what we knew as less favoured area (LFA) payments into Pillar 1 without those being kept in Pillar 2. Many people believe that there are enough environmental reasons to keep those payments in Pillar 2.

We have also had the welfare of laying hens directive. A significant issue will crop up in January 2012, by which time all eggs will have to be produced in the enriched colony system rather than in battery. It is estimated that, by January 2012, 29% of all production in the EU will be illegal. If something is not done, more than 83 million eggs a day will be illegal in 2012. For

producers in Northern Ireland and across the United Kingdom, who are largely compliant with the regulation, that also raises competition issues because eggs produced in larger numbers in battery cages are cheaper.

Last is the important issue of fisheries, and, again, we are looking at CFP reform. The Fisheries Commissioner said that she would like fisheries management to be regionalised. However, she said that the Treaty of Lisbon does not allow her to do that as it states that all decisions have to be taken at the highest level, so the commissioner says she has a legal difficulty. We should have had her initial thoughts on CFP reform this autumn, but we still do not have those.

We have had the continuation of cod recovery. Cod accounts for only 5% of the catch in the Irish Sea, yet cod recovery measures and regulations dominate a lot of what our fishermen can and cannot do. We are committed to getting the Commission to have a fundamental review of cod recovery. The December Fisheries Council meeting is coming up, and we need to exert significant pressure to ensure that prawn catch and quotas are not reduced to ridiculous levels. It is worth noting that 90% of all the fish caught by fishermen in the Irish Sea is caught from sustainable sources; that is a success story.

Mackerel is worth about £10 million to the fishing industry in Northern Ireland. The issue is that Iceland and the Faroe Islands have unilaterally declared that they will increase their share of the mackerel catch. I had the opportunity to speak to the Faroese Minister about that at the Fisheries Committee last week, and the Faroese could probably be persuaded to become more compliant. However, no one in the Parliament is willing to tackle Iceland, because everyone is waiting for Iceland to come into the European Union. Iceland is also playing a very good political game by upping its mackerel quota so that, under negotiations, everything that they get is a bonus.

We will continue work on the CFP with the UK MEPs and others. There is a mood in the Parliament and the Fisheries Committee for regionalisation. We have to tell the commissioner that she must find a way to actually do it.

I am happy to take any questions.

The Chairperson:

Thank you very much, Diane. Jim, do you wish to add anything?

Mr Jim Nicholson MEP:

Most of the issues have been covered. The three of us met the commissioner about quarry products. That was important, and, at least we got some movement, which we will wait for. I thank you, Chairman, for bringing the egg debate to the Assembly, which was timely. We got to work on that issue, and, by 2012, the UK will be compliant. I learned only the other day that Germany is already compliant. At least on one occasion, the UK is not on its own on an issue. The Republic of Ireland will be compliant pretty close to 2012. Therefore, we can all fight the issue. It is a real problem, but it is a bigger problem for European countries such as Holland, which is an exporter, and Germany. The Spanish, believe it or not, produce 15% more eggs than it needs. I had not realised that. Spain will not be compliant. At the moment, the Commission is burying its head in the sand on this issue. It will have a massive effect on many of our farmers, who provide a lot of employment in the Province.

The other area, which has been touched on, is the Budget. That is a big issue. The Budget that Cameron was talking about last week is for 2011. The big one is for after 2014. The issue is who is going to get what and, for example, what the cut to the CAP will be. At the moment, it is 42%; in 2014, it will be back to about 39.4% or something like that. The question is whether there will be an even greater cut and what will happen with the new member states. There is also an issue about parity and the battle between old and new member states. That is where the main playing field will be, certainly for the next 12 months. The initial document that we get on CAP reform will be just that — an initial document. The real legal text will come out, it has been said, in June or July 2011, but, I would not be surprised if it is this time next year. Time is running out for the commissioner to get a lot of those things agreed.

The other area of debate at the moment is around genetically modified organisms (GMOs). As you know, the commissioner has handed back responsibility to the member states, so they can decide. It is the first time since I have been in Europe that the Commission has handed anything back to a member state. To some extent, it has blown up in his face in so far as he was hoping that the member states would decide themselves whether to grow GMOs. I am not an advocate of growing GMOs, but our livestock industry here requires massive amounts of feed from the United States and South America. Even if there is only a small trace on the boat of something

that was on it before, that feed cannot be imported for the cattle, pigs, poultry, and so on. It will bring a massive hike in the cost of imports to the farmer, which will end up meaning that food is more expensive for the consumer. It is cutting right across the board.

The other major issue with the Budget, of course, is the UK rebate. At the moment, it is about £3 billion, which is a lot of money. We will wait to see what happens with that. There will be an ongoing argument as to how it will work out.

The reform of the CFP will probably not be decided and we will not know what will happen with it. If you consider the fact that, on average, single farm payments account for 54% of the income for most Northern Ireland farms, it brings into context how important that payment is to the agriculture industry. If the single farm payments were not going to farmers, they would have to get that income from someone else: processors, consumers or whomever. That would be the major challenge if the cutbacks come back. But, I detect a slight change, in that food security and the supply of food are now some of the most important issues in Europe.

I could say a lot more but, quite frankly, we could probably have a better interchange if we answer your questions on matters that you are concerned about.

The Chairperson:

I thank all three MEPs for that review. I have a couple of quick questions on points for clarification.

Jim, you mentioned that the current CAP budget is 42%. I am assuming that that is 42% of the overall Budget, and you indicated that that may drop to 39.4%. Is that a reduction on a lowering of the overall Budget? If the overall Budget is cut, am I right in thinking that 39.4% is not going to be just 2.6% less but a lot less?

Ms de Brún:

It is a danger.

Mr Nicholson:

It is a danger.

The Chairperson:

Right, but is there no clarification around that?

Mr Nicholson:

To go back to the arguments of last Friday: Buzek, the President of the Parliament, accused Cameron of being anti-European because he was not agreeing to the 6% increase, to which Merkel replied that she has had to take austerity measures in Germany and that does not make her anti-German. I think that Diane alluded, from a different point of view, to the fact that many people in the Parliament may not approach a lot of these issues with the concern that they should have for the nation state position. Certainly, I did not vote for the 6% increase, and it is very difficult for us to, on one hand, vote for an increase in money to Brussels while, here in Northern Ireland, the Assembly and the Executive may be forced to make swingeing cuts. We all know what is happening everywhere, but there is a degree of unreality with some people who believe in the great European ideal and will have it at any cost or any price. That is the difference.

Ms de Brún:

A lot of the debate at the moment is around the 2011 Budget, but there is also some shadow-boxing about what stance will be taken on the next big question about the Budget post-2014. A real danger lies behind the stance of trying to renationalise; that is, not paying so much into the EU and saying that matters will be looked after at member state level. We rely so much on the CAP here because agriculture is such a huge part of our economy, and we know that it does not figure greatly in the thinking of Westminster. So, overall, in trying to see whether the CAP is going to be as big a part of the EU Budget and also whether the EU Budget is going to be as big as it was before, we face a danger. However, we still face the problem here that we have a much better chance of getting CAP money out of Europe than we have of getting it out of the Treasury. Therefore, if member state Governments are putting less into the EU Budget and saying that they will look after rural development or agriculture at home or that they we will look after social development within their own member state, we know from experience what that will mean for us when trying to get money. We need to be aware of that when deciding where we place ourselves in this debate.

Mrs Dodds:

The Parliament demanded budget rises not for things such as the CAP or structural funds. They

are largely for administrative purposes and the expansion of the EU under the Lisbon Treaty. The new European External Action Service (EEAS) is already hugely over budget; indeed, it is €30 million over budget. It has just allocated itself €12 million for new offices in Brussels. Do not forget that auditors cannot even sign off the accounts of the European Union, and I do not know how many years it is since they could. It would be one thing if Brussels could manage its money and ensure value for money. Given the situation faced by member states, it is indefensible to demand more money to be spent on the expansion of the European dream, the EEAS, administration and other dubious projects. On the very day that the Chancellor in Westminster announced £7 billion of cuts to the welfare budget, the European Parliament voted for a 6% Budget increase. That does not reflect reality.

The Chairperson:

Was the decision on the aggregates levy scheme a European legal decision or a domestic decision?

Mr Nicholson:

It was a European decision.

Mrs Dodds:

The General Court of the European Union.

The Chairperson:

That obviously —

Mr Nicholson:

The case was brought by representatives of Republic of Ireland quarries, who were encouraged to do so by mainland United Kingdom quarries. The people who were opposed to the scheme made for a rather interesting cocktail.

Ms de Brún:

One often finds that some derogation or scheme is allowed while a situation is sorted out. If a ruling is made against it, there has to be some way in which to bring everything back into conformity. The big question for us is how we do not end up throwing the baby out with the bath water. How can the situation be sorted out without our losing the aggregates levy scheme in the meantime? The dangers are that the British Treasury will feel that it has to end the scheme while

the Commission sorts it out or that the Commission will tell the British Treasury to end the scheme. That is why the three of us went to meet the Commission in advance of its taking any further action. We told the Commission that it is very important that the aggregates levy scheme be allowed to continue while it examines the situation in the light of the court ruling.

The Chairperson:

Is it correct that the scheme will end on 30 November or 1 December?

Mrs Dodds:

It will end on 1 December.

Mr Nicholson:

That decision has been made.

Mrs Dodds:

The decision has already been made. The Commission is currently working on a new scheme. The hope was that one scheme would not end until the other one had started. The commissioner made it clear that he would have to look at the impact of the court's decision before he could implement a new scheme, because, of course, one would have a bearing on the other. It is very difficult to get Europe to do things in a timely manner. We need to get the commissioner and his people to look at the court decision, the old scheme and any practicalities that need to be addressed before a new scheme can be implemented. That all needs to be done rather quickly, but, as we know, Europe does not move rather quickly. Figures from the Department of Finance and Personnel (DFP) indicate that the ending of the aggregates levy scheme would add £25 million to the current capital budget.

Ms de Brún:

Whatever control we have over the decision that the Treasury took or did not take, it was important for us to try to ensure that the Commission did not put extra pressure on the Treasury if the Treasury took its own decision to keep on the safe side. That was always the danger for us.

Ms M Anderson:

Thank you, Bairbre, Diane and Jim. The information in your presentation has been very useful. The Hansard report of today's meeting may be something that we should share with the other

Committees, particularly the Committee for Agriculture and Rural Development, and with the Executive.

I have three questions, and perhaps you can take one each, depending on who feels best able to answer it. First, I am keen to find out more about EU plans for a sustainable economy and how those would fit in with the Executive and Assembly's energy efficiency and renewable energy policies.

Secondly, do you have any information on the citizens' initiative that was promised in the Lisbon Treaty? I am interested in finding out what stage that is at.

Thirdly, and this may fit in with what you said, Diane, about the seventh framework document perhaps coming to an end or being re-profiled, is there any information about the PROGRESS programme, which deals with microfinancing and allowing credit unions to tap into sources from Europe to accrue funding, which, in turn, they would allow SMEs to tap into and secure?

Ms de Brún:

I am happy to answer the question on sustainable energy.

The Commission work programme came out on Wednesday, the annexes to which show the work that the Commission intends to take forward, and, more or less, whether that work will be done in the first, second, third or fourth quarter of 2011. Page 3 of annexe I deals with sustainable growth, and lists six areas, two of which I will address. First, the European energy efficiency plan until 2020, which is for the first quarter of 2011, deals with identifying the key measures to achieve the cost-effective energy savings potentials of 20% by 2020 across all sectors that the EU has already decided on, including building, utility, transport and industry. That is a non-legislative initiative, but it feeds into the second area. During the third quarter of 2011, a legislative piece of work will be done on a directive on energy efficiency and savings. That will look at targets, the role of national energy efficiency action plans, the role of the public sector, financing, and so on. That work will define the directive.

Another element of sustainable growth will be work done in the first quarter of 2011 on a low-carbon economy 2050 road map, which, again, will be non-legislative. The road map will include the kinds of milestones that need to be met by 2030. That work will feed into the third quarter of

2011, during which we will look at a specific energy road map for 2050, which will include possible development paths for the EU energy system towards a low-carbon, resource-efficient system.

That work will fit in with the debates that have been going on here about the need for energy efficiency, resource efficiency and the use of renewable energy, and with the type of work that we have seen under the green new deal, which has combined business and other sectors here. It also ties in strongly with the briefing that World Wide Fund for Nature Northern Ireland (WWF Northern Ireland) gave to the Committee for Enterprise, Trade and Investment on the need for a long-term energy strategy for the North. Again, that organisation was looking for clear, firm targets that dovetail with other relevant policies and plans.

Ms M Anderson:

Bairbre, will the legislation in which those targets will be set be enforceable?

Ms de Brún:

Yes. The directive on energy efficiency and savings will replace the energy services directive of 2006 and set framework conditions for increased efficiency in the generation, transmission and distribution of energy. Therefore, it will be a legislative initiative.

Mrs Dodds:

The framework programmes are important, so I will pick up on the issues to do with them. The seventh framework was probably one of the world's largest programmes. It had around £50 billion to spend. Northern Ireland is on target to achieve the amount that it had set out to achieve through claims. However, where the seventh framework is falling down is on participation from small businesses. There is only around 13% to 15% participation from small businesses across most regions of Europe, and the Commission wants to see participation well above 20%, heading towards 25%.

Why do small businesses not participate in the programme, and what are the associated problems? When one talks to small businesses about participating in research and development programmes, which may not pay financial dividends for the next five to 10 years, they will say that, at the moment, they are worried only about keeping their businesses open. To grow a business and to make it sustainable, it must be taken forward through research and development.

Therefore, if the Commission is going to re-profile some money and is going to say towards the end of the programme's lifetime that it will look at why small businesses cannot access the programme, and why it is important for them to be able to access it in order to provide growth for themselves and for the economy, it needs to look at the difficulties in accessing, which are always around paperwork, auditing and making connections, because most programmes are trans-boundary. Those are the difficulties that most small businesses face, and that is what the Commission has to consider.

The commissioner and Commission officials said that a lot of member states view the programme as a top-up for something that they cannot provide themselves, or additional money for universities, for example, because academia is by far the largest participant in the framework programmes. Therefore, many people are now saying that times are tight, so they have to look at the programme as a top-up. However, that is probably the wrong approach to getting involved in the eighth framework programme. Northern Ireland had an input into the formulation of policy under the eighth framework programme, and it is important that it has made all the connections that it needs to make in Europe and in the development of the programme by the time that the eighth framework becomes a reality.

Staff from Invest Northern Ireland are working on the eighth framework programme, and that is where work must start well before the calls for funding come. Those calls for funding under the framework programmes generally come out around late spring or early summer, which is too late, as all the preparation must be done in advance so that the work is there and ready. Therefore, people need a bit more information, and in a more timely manner.

I want to touch briefly on the citizens' initiative. There are lots and lots of problems around it, and during the state opening of Parliament, I think that it was Nick Clegg who said that the United Kingdom would have its own version of the citizens' initiative. I know people who are already out collecting, or hoping to collect, 100,000 signatures in the United Kingdom for a referendum on membership of the European Union.

The citizens' initiative looks like a good idea on paper, but there are all kinds of problems with the requirement for one million signatures. Where do those signatures come from? What spread of member states will the signatures come from? Will the citizens' initiative become the property of too many vested interests that are very well organised and can collect signatures in a

very easy manner across nation states? Work is ongoing, but I can identify lots of problems with it.

The Chairperson:

Do you want to add anything, Jim?

Mr Nicholson:

Quite frankly, it has all been covered. Máire Geoghegan-Quinn will come here in the next week or so. Bairbre and I had a very good meeting earlier this morning with Minister Wilson about the finances end, and we identified a large number of areas in which co-operation can take place between the MEPs and the Executive. We have to work together. As I have said in the past, we are not in competition but are here to complement each other. We work in Brussels and the Assembly works here, and co-operation at the right level is always required.

The Geoghegan-Quinn visit will be very important because she is one of the best-heeled commissioners, with the most money in Brussels. It is not front-loaded but back-loaded. A lot of that money will come down in 2013 or 2014. That is where the big money is. Therefore, we have lots of time to prepare, but our civil servants need to get on the ball and identify how to get in there and identify the projects that we will introduce.

Ms de Brún:

I have two quick points to make. We discussed the matter with this Committee previously, and I hope that the previous Committee Chairperson will take some of the thinking into his new role.

The Chairperson:

I am sure that he will.

Ms de Brún:

I hope so. It is important for us to be part of the networks, even if our people are sometimes too small to put in bids at this stage. The fact that we even go to the meetings means that we pick up on some of the opportunities, and, by virtue of seeing us there, some of the bigger players might bring us in on some of their consortium bids. The work with Commissioner Geoghegan-Quinn will be hugely important and will build on what is happening in the trade sector of the North/South Ministerial Council (NSMC).

I am working on the citizens' initiative at the moment in one of the Committees that I sit on in the European Parliament, and there are big debates around who can sign a petition, the conditions under which people can sign and about how many people from each member state must sign. As Diane said, transparency will be hugely important to bring through the legislation that will allow the initiative to come into being. We need transparency on who introduces an initiative and on what kind of funding they have. That will ensure that it really is a citizens' initiative and is not taken over by vested interests alone and that consortiums of citizens in different member states get to use it.

Mr Nicholson:

I am conscious of the fact that time will beat us, but this morning's meeting with the Minister highlighted quite clearly that the Barroso task force, which was set up to ensure that our Civil Service works better, is not working. The Committee could take that on board and find out why. I made the point to the Minister that he needs to get to Brussels and meet the people out there to discuss why the task force's report is not working and delivering. I am not attributing blame, because this is not a blame game. However, if there is a problem, we should identify it and fix it. It is clear to me that, if it was designed to make our Civil Service more accessible, the task force is not working. If it is not working, we have to make it work.

Mr Molloy:

Thank you very much for your presentation. I am interested in the process around CAP reform and where we go from here. We have the report on the current position, but what are the next stages and how can the Assembly influence CAP reform as we proceed?

My other question is linked to that to some extent. How will climate change link in with the Assembly's farming aspects?

Mr Nicholson:

How long is a piece of string? The process that will lead to CAP reform will go on until 2013. The EU is producing an initial document, and, as often happens in Brussels, that document was leaked, so we know most of what is in it. When that document is published, the European Parliament's Committee on Agriculture and Rural Development will prepare the Parliament's position. Under the Lisbon Treaty, the European Parliament has co-decision powers on the CAP,

and things will become extremely interesting when it gets to that stage. The European People's Party (EPP) group has appointed Albert Dess, an MEP from Bavaria, to write its response, and, because the report from Commissioner Ciolos is so weak and inept, it gives the Parliament a tremendous opportunity to lay down certain frameworks for the way in which it wants to see the policy evolve. The Parliament will debate the report in May or June of next year and will then get the legal texts from the Commission on the reform of the CAP. There could be four or five different legal texts, and those could include issues such as the reform of Pillar 1, Pillar 2, the less favoured areas (LFA) provisions and the financial implications of reform. Those legal texts will then go to the Parliament, which will take between six to nine months to consider them. After that, the reform will progress to the area of co-decision among the Council, the Commission and Parliament, and it looks as though the present Chairman of the Parliament's Committee on Agriculture and Rural Development will be the leading rapporteur for the Parliament in that process. However, it is uncertain whether he will be the Chairman of the Committee after the midterm, and the decision on that may be taken this week.

That is the process, and it will not be fast. As to how this Committee can input into the process, it should keep up to date with what is happening. We will do our best to influence the process. The challenge that we have is in trying to achieve a common agricultural policy that does not destroy agriculture in Northern Ireland. We will try to get the best deal possible and the Assembly's Committee for Agriculture and Rural Development should do the same. Indeed, there is a big meeting of all the national Agriculture Committees and the European Committee on Agriculture and Rural Development in Brussels, either at the end of this year or early next year. The Committee for Agriculture and Rural Development may want to send representatives to that meeting to put forward its views.

Therefore, the reform of the CAP is an ongoing moveable feast. The other element of the process that you raised was climate change. The one thing that I want to avoid is any further greening of Pillar 1 — I am not getting at you, Francie, when I say that. Any environmental changes that we make must go into Pillar 2, which deals with rural development, and in which we can cover the environmental aspects an awful lot better.

I have argued clearly and succinctly that the agriculture industry is part of the resolution of climate change, not creating the problem. Hopefully, we will be able to maintain that. We must get that message across, because too many people are simply blaming agriculture for everything

when it is neither right nor fair to do so. Northern Ireland has a good system of agriculture: it is not overly intensive and it works.

Mrs Dodds:

Jim has outlined all the stages that CAP reform will go through, but I want to quickly touch on how the Assembly can link in, because that is really important. I have held a number of meetings with officials from the Department of Agriculture and Rural Development (DARD) and the Minister, and it is time for the Department and the Minister to outline what Northern Ireland needs from the reform of the CAP.

That would set things in motion significantly. Of course, Northern Ireland will be negotiating as part of the United Kingdom team: Caroline Spelman and Jim Paice from the Department for Environment, Food and Rural Affairs (DEFRA); and the regional Ministers from Northern Ireland, Scotland and Wales. It is important to recognise the massive role that DEFRA will have to play and recognise also that some of what it proposes may not be what Northern Ireland wants. Nevertheless, we need to have input into the DEFRA system.

It will come down to co-decision in negotiations between the Council and the Parliament. How can the Committee for Agriculture and Rural Development play its part? That is an important question, because it is also important to be in Brussels to keep up with what is going on. When most of us attend meetings to discuss European issues, people's eyes glaze over; however, when talking about European issues at a farmers' meeting, everyone sits up straight. The farming industry is well tuned in to Brussels, and that is significantly to our benefit.

Ms de Brún:

The general theme of the leaked document — it will come out formally on 17 November — is a basic rate serving as income support, as well as compulsory additional aid for the greening of public goods through annual and non-contractual agrienvironmental actions.

We need to be very clear that, as well as the debate about the EU Budget and the CAP's place in it, there is a wider international debate on how to tackle climate change. Although international agreement was not reached in Copenhagen last year, I will form part of the European Parliament delegation to the United Nations climate change talks in Cancun this year. By the time that we come to the next round of CAP reform, there will be an international

agreement that will include requests for actions on land use and agriculture. We need to be careful, as there is a danger that, in planning for the short term, we leave no space in the CAP for funding the targets and obligations that will be placed on farmers.

I have had discussions with farmers' unions on that issue. I absolutely agree on the need for a proper budget for agriculture and on the need to support farmers. If farmers have abandoned the land, they cannot produce public goods. However, we should not repeat the mistake that was made with nitrates, which was to bury our heads in the sand and avoid taking steps in the belief that, somehow, we would escape the nitrates obligations. By the time that we had to carry out the nitrates obligations, we were in a much worse state.

One way or another, international climate change obligations are coming down the road at us, and we need to be prepared for them.

Mr Nicholson:

I think, Chairman, that I have to level the playing field.

The Chairperson:

I thought that you might.

Mr Nicholson:

It is all very well to talk about public goods, and farmers provide them. However, at the same time, we must not over-regulate the industry. The whole of Europe and certainly the United Kingdom is in grave danger, because we implement all those regulations and we gold-plate them. We must not over-regulate our industries to such an extent that they are not fit to compete with those in the rest of Europe or the rest of the world. That is the bottom line, and it affects not just agriculture. It is all very well to talk about those fine things; however; if you talk to any farmer, you will find that he simply wants to produce good food for the consumer. Farmers are hidebound at the moment by regulations, while at the same time, through the back door, we are bringing in food that is not produced to a standard anyway close to that which they meet. I have to put that on the record. I must leave shortly.

I thank the Assembly for debating the issue of property fraud. Thousands of people in Northern Ireland have a serious problem with holiday homes and second homes in Spain, Greece,

Turkey and now, most recently, Bulgaria. I issue a severe warning to everyone: be careful if you go out there to buy a second home.

I received a reply from the Office of the First Minister and deputy First Minister some weeks ago saying that it has asked for £20 million for the Maze project from the Peace II allocation. I do not wish to make a political point, but as far as I am concerned, Peace money was not meant to be for the Maze. It was to go to community groups throughout Northern Ireland and they will lose out seriously if we do not stop that. If they want money for the Maze, let them get it somewhere else, but do not take it from the existing Peace funds, which will affect a lot of groups in all our communities.

I assume that there is one further question?

The Chairperson:

There is. I should have declared an interest as a farmer.

Mr McElduff:

I welcome the emphasis on helping small and medium-sized enterprises drawdown European money that has been under-exploited in the past. How closely do our MEPs work with the Department of Enterprise, Trade and Investment (DETI) specifically on helping local businesses drawdown money for R&D and innovation? I am conscious of Máire Geoghegan-Quinn's imminent visit.

Secondly, are we any closer to a Peace IV funding programme?

Mrs Dodds:

I will make a number of points quickly. I will return briefly to the previous debate. I am adamantly opposed to putting more regulation and greater onus on farmers to do more on climate change without provision of an appropriate and adequate budget for it. I do not think that that should come out of the CAP budget; it should be added to it. We find that farmers are completely overburdened with regulations. They are being asked to do more and more, but they are not being compensated or remunerated for it. As Jim said, we are facing a serious situation, with the opening of the Mercosur talks etc., whereby we will have an influx of product to the market over which we will have no control. Farmers in those countries will not have been asked to jump

through the hoops that our farmers are asked to. There are serious questions to be asked, and we cannot keep beating the drum about climate change if we are not providing people with the wherewithal, particularly in research and development. To close down research and development institutions here, instead of aiding them, is significant.

A question was asked about small businesses and DETI. I have a very good relationship with DETI. Invest NI now has a person in the Office of the Northern Ireland Executive in Brussels who is taking forward cases and looking at plans and so on for companies in Northern Ireland. I cannot overemphasise the importance of visits by people such as Máire Geoghegan-Quinn. She is the first commissioner to come to Northern Ireland in a fair wee while.

It is important that, during a time of economic difficulty, we also help companies to plan for their long-term future as well as their short-term financing and capital issues, and so on. That is particularly important. We should all continue to strive to work together. MEPs in Brussels can add value to what happens here and can take forward cases, perhaps even more immediately than people in Northern Ireland can. Therefore, it is important to develop relationships with Departments here in Northern Ireland. It is also important that there is a good line of communication between Departments.

Mr Nicholson:

One issue that we discussed with Minister Wilson earlier was lines of communication. I must say that they are not as good as they should be. There is no doubt that they could be better. That does not apply to any one Department in particular. We have still not got that right. Let us put it this way: we could do it better. All of us, on both sides, know that.

As Diane said, when we are in Brussels, we are working for Northern Ireland plc. That is the bottom line. We will always do our best to get the best deal. However, it is you folk up here in Stormont who must prioritise and decide how money is spent. That is why it is so important that we co-operate. We are not in competition. We should complement each other. It is simply the case that more should be done. In fact, one issue that we discussed with the Minister this morning was how to move on with greater speed and look at possibilities.

I am making absolutely no promises because, as you know, all of the funds are due to end in 2014. Indeed, the IFI ends before then. We need to look at how we will deal with that post-2014

and what we can do. That is what I detect, even from officials in our meeting earlier. We agreed to set up a direct feed so that they can let us know how they get on at meetings. That is the beginning of Peace IV, and it is desperately needed. Many community groups will be lost if we do not achieve that funding. I will not make any promises. We should not say whether we can get it or not. Let us find out whether we can. Changes have to be made to whatever comes, but let us argue about that later. There could well be a different idea in Brussels compared with what there was in the past.

Ms de Brún:

Certainly, I thought that this morning's meeting was useful in that context. As MEPs, we were able to tell Minister Wilson what we have done to improve the atmosphere to facilitate a good or, shall I say, better possibility for any bid that comes from the two Finance Ministers for Peace IV funding. They were able to tell us who they are meeting. In the months ahead, it is crucial that we continue those meetings and that each knows what the other is doing, as well as meeting the Special EU Programmes Body (SEUPB), which we also do. Pat Colgan keeps in touch with us about his efforts so that we are able to match them and add value to work that is being done to try to secure Peace IV funding.

I certainly get a sense that the atmosphere there is more positive than it was previously. As with previous discussions, it will all depend on the overall size of the final Budget post-2014 and what part regional development funds play in that, from which Peace IV funding comes. Certainly, I was glad, in the other part of the discussion, which was on innovation and helping SMEs and others to access the framework programme and networks, to learn that DFP was also meeting the Commission and with other players, such as DETI and, of course, the Department for Employment and learning (DEL), which has an important role in that area.

Ms M Anderson:

Diane mentioned the eighth framework programme. Is there a time frame in which that will be realised? I know that work is ongoing, but we need to know what we are working towards.

Mr Nicholson:

Everything will happen after 2014.

Ms M Anderson:

Jim made a point, which you all referred to. We carried out an EU inquiry and identified that there was a deficit of networking that should be taking place here among civil servants, the Executive, the Committee and others. We are trying to address that through a number of recommendations.

Jim will not be surprised that I take issue with his comments about the £20 million that the Executive are going after for the Kesh. The RUAS is going to locate there, which will be of massive benefit to the agricultural community. I come from a city that is concluding the building of a peace bridge. Whatever one thinks about the money that has been used for capital projects, we have won the argument that it should go to communities.

Mr Nicholson:

All I can say is that we will disagree on that. I was party to getting the original Peace funds, which were never designed for those purposes. They were designed to help people and groups in Northern Ireland who were struggling, not for bricks and mortar.

Ms M Anderson:

I agree with you about how the capital spend has been used. Whatever one's opinions about the rights and wrongs of the issue, that is what has come out of Peace III. We have an opportunity with Peace IV, if we are to secure it, to ensure that money comes out of Europe is used on the basis of objective need and goes to the communities that need it most. I support you on that and that argument for Peace IV.

The Chairperson:

OK. Thank you very much for your presentation and for answering questions. I hope that this will be an ongoing discussion between us.

Mr Nicholson:

Are you planning to go to Brussels any time soon?

Ms M Anderson:

The Chairperson and the Deputy Chairperson are going out there for the opening of the office.

Mr Nicholson:

We got an invitation to that last week.

Mr Molloy:

The other thing I wanted to mention was to do with the Committee of the Regions and CAP reform. Any tie-in, advice or help with participation in the Committee of the Regions will be beneficial.

Mr Nicholson:

If I had my way, the Committee of the Regions would be abolished.

The Chairperson:

You see: we are not going to get agreement on everything. That is to be expected in politics.
Thank you.