



House of Commons
European Scrutiny Committee

**Sixth Report of Session
2014–15**

Documents considered by the Committee on 9 July 2014

Report, together with formal minutes

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Notes

Numbering of documents

Three separate numbering systems are used in this Report for European Union documents:

Numbers in brackets are the Committee's own reference numbers.

Numbers in the form "5467/05" are Council of Ministers reference numbers. This system is also used by UK Government Departments, by the House of Commons Vote Office and for proceedings in the House.

Numbers preceded by the letters COM or SEC or JOIN are Commission reference numbers.

Where only a Committee number is given, this usually indicates that no official text is available and the Government has submitted an "unnumbered Explanatory Memorandum" discussing what is likely to be included in the document or covering an unofficial text.

Abbreviations used in the headnotes and footnotes

EC	(in " <i>Legal base</i> ") Treaty establishing the European Community
EM	Explanatory Memorandum (submitted by the Government to the Committee)*
EP	European Parliament
EU	(in " <i>Legal base</i> ") Treaty on European Union
GAERC	General Affairs and External Relations Council
JHA	Justice and Home Affairs
OJ	Official Journal of the European Communities
QMV	Qualified majority voting
RIA	Regulatory Impact Assessment
SEM	Supplementary Explanatory Memorandum
TEU	Treaty on European Union
TFEU	Treaty on the Functioning of the European Union

Euros

Where figures in euros have been converted to pounds sterling, this is normally at the market rate for the last working day of the previous month.

Further information

Documents recommended by the Committee for debate, together with the times of forthcoming debates (where known), are listed in the European Union Documents list, which is published in the House of Commons Vote Bundle each Monday, and is also available on the parliamentary website. Documents awaiting consideration by the Committee are listed in "Remaining Business": www.parliament.uk/escom. The website also contains the Committee's Reports.

*Explanatory Memoranda (EMs) can be downloaded from the Cabinet Office website: <http://europeanmemoranda.cabinetoffice.gov.uk/>.

Letters sent by Ministers to the Committee relating to European documents are available for the public to inspect; anyone wishing to do so should contact the staff of the Committee ("Contacts" below).

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Contents

Report			<i>Page</i>
Meeting Summary			3
Documents not cleared			
1	BIS	(34423) Gender balance on corporate boards	5
2	DFT	(34777) Civil aviation: passenger protection	8
3	HMT	(35944) Financial services: occupational pension funds	10
Documents cleared			
4	BIS	(36012) Innovation in the Blue Economy	15
5	BIS	(36147) Regulatory fitness	18
6	DfID	(36149) Financial information on the European Development Fund	22
7	FCO	(35935) Citizens' dialogues	27
8	FCO	(36032) EU Special Representative for the Horn of Africa	31
9	FCO	(36061) EU strategy on public security in Central America and the Caribbean	38
10	FCO	(36160) The EU and Guinea-Bissau	41
11	FCO	(36171) The EU and the Sahel: EUCAP Sahel Niger	44
		Annex: The Minister's detailed analysis of the 2014–15 Budget	49
12	FCO	(36178) Common Foreign and Security Policy, including Common Security and Defence Policy	50
13	HMT	(36111) (36112) (36113) Eurozone: Commission Report	61
14	HMT	(36125) European Central Bank: sanctions	63
15	HO	(33597) European Investigation Order	65
16	HO	(36055) The development of the second generation Schengen Information System — SIS II	68
Documents not raising questions of sufficient legal or political importance to warrant a substantive report to the House			
17	List of documents		71

Formal minutes	73
Standing Order and membership	74

Meeting Summary

The Committee considered the following documents:

Detention and Supervision of EU citizens (for debate in European Committee B)

In April, the Committee recommended this Commission Report for debate in European Committee B. In it, the Commission reports on how completely, if at all, Member States have implemented three justice and home affairs Framework Decisions on Prisoner Transfer, the European Supervision Order (ESO) and Probation. The Commission says that these measures form an interdependent package so, in our previous report, we questioned the Government on its stated intention to opt back into only the first two measures, following its exercise of the JHA block opt-out, especially as it had not yet implemented the ESO. We asked the Minister to respond before the requested debate took place. The Minister has now written to indicate that the Government might reconsider its decision on the Probation measure in the future. From the press release following the recent General Affairs Council, it would appear that a “solution concerning the Prüm Decision and the Probation Framework Decision” has been reached between the Commission and the UK. The Government has not informed Parliament of this “solution” nor does it mention it in the recent Command Paper 8897 which sets out the outcome of technical level negotiations on the JHA measures it intends to opt back into. We ask to hear from the Government on this matter and remind the Minister of the need to hold this debate imminently given its relevance to the negotiations currently underway.

Gender balance on corporate boards

This Draft Directive, intended to improve the gender balance on the corporate boards of publicly listed companies, has been under scrutiny by the Committee since December 2012. The House, on the Committee’s recommendation, issued a Reasoned Opinion in January 2013 questioning the necessity for action at EU level. Since then, negotiations have proceeded at a slow pace and the UK has formed part of a stable blocking minority opposing the adoption of the draft Directive. The incoming Italian Presidency is keen to make headway and is expected to propose changes with a view to securing a compromise agreement on the proposal. We thank the Minister for her latest update but express considerable frustration that she has not yet responded to a number of specific questions raised in our earlier Reports which concern the expected impact of the draft Directive (if adopted) on UK companies. We ask her to do so, and to provide further progress reports on negotiations.

1 Gender balance on corporate boards

Committee's assessment

[Committee's decision](#)

Legally and politically important
Not cleared from scrutiny; further information requested

Document details

Draft Directive on improving gender balance among non-executive directors of companies listed on the stock exchange and related measures

Legal base

Article 157(3) TFEU; co-decision; QMV

Department

Business, Innovation and Skills

Summary and Committee's conclusions

1.1 The draft Directive seeks to redress the gender imbalance on the boards of many publicly listed companies by introducing new procedural requirements for the recruitment and selection of non-executive directors. Although drafted in gender-neutral terms, the objective of the Directive is to increase the presence of women on company boards so that they comprise at least one third of a company's directors or 40% of its non-executive directors by 2020, or sooner (by 2018) in the case of public undertakings.

1.2 Whilst endorsing the objective of greater gender balance on company boards, the Government has consistently opposed EU legislation on the grounds that establishing an EU-wide 40% quantitative objective would be tokenistic, counter-productive and tantamount to introducing quotas. It has advocated, instead, national measures which can be better tailored to the business culture and company law requirements of each Member State. We share the Government's reservations about the necessity for action at EU level and recommended issuing a Reasoned Opinion which the House endorsed in January 2013.

1.3 Progress since then has been slow, not least because the range and diversity of company systems have hampered efforts to agree measures that would work in all 28 Member States. The European Parliament broadly supports the Commission proposal but a number of Member States share the Government's concerns. Whilst continuing to oppose the draft Directive, the Government has supported some changes which clarify the scope of the proposal. These include what the Minister for Employment Relations and Consumer Affairs (Jo Swinson) has described as "a welcome change" in the provisions enabling Member States to derogate from the procedural rules on the selection and appointment of non-executive directors if they have already put in place effective measures to achieve the 40% quantitative objective.

1.4 We asked the Minister to clarify the scope of the derogation and to indicate whether it was likely to be of benefit to the UK, in light of the progress made domestically in implementing the measures advocated by Lord Davies of Abersoch in his 2011 review, *Women on boards*. We also asked the Minister to provide updated figures on the number of women represented on the boards of publicly listed UK companies and to indicate

whether the trajectory of change anticipated between now and 2020 was likely to achieve the 40% quantitative objective.

1.5 We noted that the Minister had not addressed a number of questions raised in our earlier Reports. In particular, we asked how many of the 950-odd listed companies which she expected to fall within the scope of the draft Directive would be excluded from its application because they qualify as small and medium-sized companies (SMEs). We also requested a summary of the outcome of the Government's consultation of stakeholders, as well as a summary of the main changes proposed to the Commission proposal by the European Parliament and the Government's position on them.

1.6 We thank the Minister for her update but express our considerable frustration that, yet again, her letter does not address the specific points raised in our earlier Reports. We remind her that we have asked her to:

- **clarify the changes made to the provision enabling Member States to derogate from the draft Directive and to indicate whether she considers that the UK would be able to make use of this derogation;**
- **explain whether the trajectory of change which she describes in her letter is likely to be sufficient to enable the UK to meet the 40% quantitative objective by 2020 (or by 2018 in the case of public undertakings);**
- **indicate how many of the 950-odd listed companies in the UK which are within the scope of the draft Directive would be exempted from its provisions on the grounds that they are SMEs; and**
- **summarise the outcome of the Government's consultation of stakeholders, as well as the main changes proposed to the Commission proposal by the European Parliament and the Government's position on them.**

1.7 We also looking forward to receiving further progress reports on negotiations, particularly if there is a prospect that the current blocking minority may crumble. Meanwhile, the draft Directive remains under scrutiny.

Full details of the documents: Draft Directive on improving gender balance among non-executive directors of companies listed on the stock exchange and related measures: (34423), [16433/12](#) + ADDs 1–3, COM(12) 614.

Background

1.8 Our earlier Reports (listed at the end of this chapter) provide a detailed overview of the draft Directive, the Government's position, and the grounds on which we recommended that the House issue a Reasoned Opinion.

The Minister's letter of 2 July 2014

1.9 The Minister notes that the UK is one of 11 Member States opposed to the draft Directive and that, as a result, it is blocked within the Council. Although she expects the blocking minority to remain stable for the time being, the Italian Presidency regards the

draft Directive as a priority and intends to explore drafting changes which may persuade some Member States to change their position. She continues:

“From the blocking minority, the Czech Republic, Estonia and Germany are seen as potential candidates to change their position, as none of them have decided their positions following internal political elections.”

1.10 The Minister reiterates the Government’s position that “mandatory processes at the EU level are not the right mechanism” to secure more women on the boards of the UK’s top companies. She adds:

“It remains our view that that action taken in each country should be different, according to that country’s starting point, legal system and unique business environment. Therefore we continue to oppose this Directive on grounds of subsidiarity and proportionality.”

1.11 Turning to the progress made in the UK in increasing the representation of women on company boards, the Minister observes:

“In 2011 we set the target of achieving 25% women on the boards of our largest 100 companies by 2015. Women’s representation on FTSE 100 boards now stands at just over 22%, up from 12.5% in 2011, and there are now no all male boards. The FTSE 250 have more than doubled the number of women on their boards since 2011 and it now stands at just over 16%, up from 7.8% in 2011. There remain 48 all male boards in the FTSE 250, down from 132 in 2011. This is clear evidence that the UK’s business-led, voluntary approach is working and we are starting to see a cultural change take place right at the heart of British business.”

1.12 The Minister adds:

“We respect the right of others to put quotas in place, but we remain committed to self-regulation and are confident that with sustained and continued action we will meet our target of 25% by 2015.”

Previous Committee Reports

Twenty-eighth Report HC 83-xxv (2013–14), [chapter 3](#) (18 December 2013); Thirty-third Report HC 86-xxxiii (2012–12), [chapter 8](#) (27 February 2013); Twenty-third Report HC 86-xxiii (2012–13), [chapter 1](#) (12 December 2012).

2 Civil aviation: passenger protection

Committee's assessment	Politically important
Committee's decision	Not cleared from scrutiny; further information awaited
Document details	Draft Regulation concerning denied boarding, cancellation or long delay of flights and baggage problems
Legal base	Article 100(2) TFEU; co-decision; QMV
Department	Transport

Summary and Committee's conclusions

2.1 With this draft Regulation the Commission proposes a range of changes to airline passenger protection legislation to reinforce enforcement policies and procedures, improve passenger rights and re-address the financial obligations, in some circumstances, imposed on airlines.

2.2 We have heard previously about a range of issues with the proposal which need to be addressed, including the question of its applicability to Gibraltar Airport. We learn now that the outgoing Greek Presidency failed to achieve any form of agreement on the proposal and that it has not been identified as a priority by the incoming Italian Presidency.

2.3 We will keep this document under scrutiny pending any report of further developments, when we would expect also to have previously promised information about the Government's cost benefit analyses of the draft Regulation.

Full details of the document: Draft Regulation amending Regulation (EC) No. 261/2004 establishing common rules on compensation and assistance to passengers in the event of denied boarding and of cancellation or long delay of flights and Regulation (EC) No. 2027/97 on air carrier liability in respect of the carriage of passengers and their baggage by air: (34777), [7615/13](#) + ADDs 1–2, COM(13) 130.

Background

2.4 Regulation (EC) No. 261/2004 lays down common rules on compensation and assistance to air passengers in the event of denied boarding and of cancellation or delay of flights. It is enforced in the UK by the Civil Aviation Authority (CAA) as the competent National Enforcement Body (NEB). Regulation (EC) No. 2027/97 deals with air carrier liability in the event of claims for compensation in the event of death or injury to passengers and the liability limits for delay and mishandled baggage. The Regulation translates parts of the Montreal Convention into EU law.

2.5 With this draft Regulation, to amend Regulation (EC) No. 261/2004 and Regulation (EC) No. 2027/97, the Commission proposes a range of changes to reinforce enforcement

policies and procedures, improve passenger rights and re-address the financial obligations, in some circumstances, imposed on airlines.

2.6 When we first considered this proposal, in April 2013, we heard that, whilst the Government welcomed some aspects of the proposal as they related to airline costs, it was carefully considering the range of other passenger focussed proposals, recognising that these might provide benefits and protection to the consumer, but might also lead to increased costs for UK airlines. We heard subsequently about efforts, in accordance with the 2006 Cordoba Agreement, to remove a clause suspending application of the legislation to Gibraltar's Airport, (in the legislation to be amended by this proposal, as was normal practice when it was adopted).

2.7 When we last considered the draft Regulation we heard that:

- the European Parliament had in February adopted a wide range of amendments to the proposal, not all of which would be acceptable to the Government;
- the Presidency was expected to push hard for a political agreement, or possibly a partial form of political agreement, at the Transport Council on 5 June;
- however, it was not yet clear whether this was achievable as a number of outstanding issues remained; and
- the Gibraltar Airport issue was also still unresolved.

2.8 We looked forward to the further information promised us, including about the Government's cost benefit analyses. Meanwhile the document remained under scrutiny. However, we also observed that we would expect the Government to vote against any Council text that did not properly resolve the Gibraltar issue.

The Minister's letter of 26 June 2014

2.9 The Parliamentary Under-Secretary of State, Department for Transport (Mr Robert Goodwill), now tells us that:

- despite the intense work undertaken in Council working group negotiations, it was clear that further work and time would be needed to find compromises on a number of significant outstanding issues, specifically the trigger points for when delay compensation is due and connecting flights;
- the issue over Gibraltar's suspension from the Regulation has also not been resolved;
- as a result, the Greek Presidency decided not to seek any form of agreement at the Transport Council on 5 June and instead submitted a progress report; and
- this dossier has not been identified as a priority by the incoming Italian Presidency.

Previous Committee Reports

Thirty-ninth Report HC 86-xxxviii (2012–13), [chapter 5](#) (17 April 2013); Thirteenth Report HC 83-xiii (2013–14), [chapter 9](#) (4 September 2013) and Forty-eighth Report HC 83-xliii (2013–14), [chapter 4](#) (7 May 2014).

3 Financial services: occupational pension funds

Committee's assessment	Legally and politically important
Committee's decision	Not cleared from scrutiny; further information requested
Document details	Draft Directive to consolidate and amend legislation on the activities and supervision of institutions for occupational retirement provision
Legal base	Articles 53, 62 and 114(1) TFEU; co-decision; QMV
Department	HM Treasury

Summary and Committee's conclusions

3.1 Institutions for Occupational Retirement Provision, or IORPs, more commonly known as occupational pension funds, are collective schemes which manage financial assets on behalf of employers in order to provide retirement benefits for their employees. The IORP Directive, Directive 2003/41/EC, sets out a minimum harmonisation framework for occupational pension schemes and their supervision, including rules which oblige occupational pension funds to invest their assets prudently, in the best interest of members and beneficiaries.

3.2 This draft Directive to recast (revise) the IORP Directive is confined to new rules on the governance of schemes and the information that schemes should provide to their beneficiaries.

3.3 The Government responds to our letters to the Commission, Council and European Parliament about our subsidiarity concerns and gives us some preliminary information about its efforts to stymie the Commission proposal. The Government shares our concerns that the Commission's proposal is not consistent with the principle of subsidiarity, and believes our letters will be a useful contribution to debate on these dossiers.

3.4 Before considering this matter further we should like to hear from the Government about its continued efforts to forestall the draft Directive, including the results of its detailed consideration, with the UK pensions sector, of the potential impact of the proposal.

3.5 Meanwhile the document remains under scrutiny.

Full details of the documents: Draft Directive on the activities and supervision of institutions for occupational retirement provision (recast): (35944), [8633/14](#), + ADDs 1–5, COM(14) 167.

Background

3.6 Institutions for Occupational Retirement Provision, or IORPs, more commonly known as occupational pension funds, are collective schemes which manage financial assets on behalf of employers in order to provide retirement benefits for their employees. There are around 125,000 such schemes operating within the EU, managing assets of around €2.5 trillion (£2 trillion) for around 75 million beneficiaries. The vast majority of these schemes are located in just four Member States: Germany, the Republic of Ireland, the Netherlands and the United Kingdom. Occupational pension funds do not play a significant part in pension provision outside of these four Member States.

3.7 The IORP Directive, Directive 2003/41/EC, sets out a minimum harmonisation framework for occupational pension schemes and their supervision, including rules which oblige occupational pension funds to invest their assets prudently, in the best interest of members and beneficiaries.

3.8 This draft Directive to recast (revise) the IORP Directive is confined to new rules on the governance of schemes and the information that schemes should provide to their beneficiaries. The Commission sets out four key objectives for revision of the IORP Directive. First, to ensure the soundness of occupational pensions and better protect pension scheme members and beneficiaries, the draft Directive would provide for:

- new governance requirements on the assessment of scheme risk, including requirements for self-assessment of risk management systems;
- how audit functions should be carried out;
- rules that govern the qualifications and remuneration of those responsible for managing occupational schemes; and
- enhanced powers for supervisors, including enhanced ability to stress-test pension schemes.

3.9 Secondly, in relation to better informing pension scheme members and beneficiaries, the draft Directive would provide for detailed rules on the content of benefit information which should be provided to scheme members and would, in particular introduce a standardised EU Pension Benefit Statement. The Commission believes that a more mobile EU workforce requires pension benefits to be easily compared across the EU.

3.10 Next, in order to remove obstacles for cross-border provision of occupational pension funds so that they can operate across the single market — the draft Directive would permit transfers of all or part of a scheme’s assets across Member State borders. Last, to encourage occupational pension funds to provide long-term investment to the wider EU economy,

the draft Directive would prevent Member States from setting rules which restrict the investment decisions that schemes can make.

3.11 When we first considered this proposal, on 14 May, we noted the Government's initial view about lack of any real need or justification for the proposal. We presumed that its preliminary approach to Council discussion of the proposal would be simply to have it dropped. So before considering the matter again we asked to hear about the outcome of the Government's efforts to stymie the proposal. Meanwhile the document remained under scrutiny.

3.12 We also said that because of the imminent end of the Session we were not able to consider the need for a Protocol No. 2 Reasoned Opinion on subsidiarity in time to meet the deadline of 30 May, but that we would return to the issue in the new Session. In June we did return to the matter and authorised our Chairman to write to the Presidents of the Commission, Council and European Parliament, as part of the political dialogue, in the terms of a Reasoned Opinion we would have recommended to the House.¹

The Minister's letter of 27 June 2014

3.13 The Economic Secretary to the Treasury (Andrea Leadsom) first responds to our decision to inform the Presidents of the three institutions of our subsidiarity concerns and to our other concerns about the proposal, saying that:

- occupational pensions play a crucial role in the Government's drive to ensure that individuals save adequately for their retirement, so it is important that the Commission's proposal receives proper scrutiny;
- our assessment will form an important part of that scrutiny;
- the Government shares our concerns that the Commission's proposal is not consistent with the principle of subsidiarity and seeks an increase in the competence of EU institutions which is not warranted in this policy area;
- it notes that we have identified a number of very specific concerns about the reliability of the Commission's evidence base in its impact assessment; and
- the Government believes our letters to the Commission, Council and European Parliament setting out these concerns will be a useful contribution to debate of this dossier and it would like to be kept informed of our engagement with these institutions.

3.14 Turning to the substance of the draft Directive the Minister says that:

- the legislative process is at an early stage — Council negotiations have not yet commenced;

¹ For the letters see <http://www.parliament.uk/documents/commons-committees/european-scrutiny/Sefcovic%2035944.1.pdf>

- but there have been two Council working group meetings which have confirmed that concerns with the Commission’s proposal are widely shared across Member States; and
- issues of subsidiarity and proportionality, the importance of maintaining Member State flexibility in the design of pension systems and the need to avoid introducing additional administrative costs for pension schemes have been prominent in the concerns expressed by other Member States.

3.15 The Minister tells us that in discussions, the Government is focussing on high level issues which include:

- the need to be clear about what the policy challenges are for occupational pension schemes and whether these really do need addressing through additional EU legislation and competence;
- whether the evidence supports the Commission’s objectives and the policy measures the Commission is proposing to achieve them; and
- the importance of preserving Member State flexibility in the regulation of IORPs so that national governments and regulators can respond to the very different pension policy challenges and circumstances in Member States.

3.16 The Minister continues that:

- the Government believes it is premature to move to a detailed negotiation of the measures in the draft Directive;
- Member States must first determine whether further legislation is needed in this area at all;
- the Government has been working to focus discussion on these high level issues and to subject the Commission’s impact assessment to proper scrutiny;
- it will, in any case, need time to complete a detailed appraisal of the Commission’s proposal and how it will impact the UK’s current arrangements;
- the Government will be working internally and closely with the UK pensions sector to fully understand the implications of the Commission proposal; and
- the draft Directive must be given proper consideration and the Government sees no reason for the legislative process to be rushed.

Previous Committee Reports

Fiftieth Report HC 83-xlv (2013–14), [chapter 6](#) (14 May 2014) and First Report HC 219-i (2014–15), [chapter 13](#) (4 June 2014).

4 Innovation in the Blue Economy

Committee's assessment	Politically important
<u>Committee's decision</u>	Cleared from scrutiny
Document details	Commission Communication on innovation in the “blue economy”
Legal base	—
Department	Business, Innovation and Skills

Summary and Committee's conclusions

4.1 Having identified in 2012 the importance of activities which depend upon the sea (the “blue economy”), and a number of specific areas where further targeted action by the EU and its Member States would be beneficial, the Commission has now produced this Communication addressing the role which innovation can play in helping to realise the growth potential of all sectors of the blue economy, and bring about significant environmental benefits.

4.2 However, although it observes that the EU's Innovation Flagship Initiative has helped to create an innovation-friendly environment, and the other steps which have been taken to provide finance, it also points out that a number of weaknesses need to be tackled. It has therefore set out how action at EU level can address three issues — gaps in knowledge and data, the diffusion of research efforts, and the provision of the skills needed by the blue economy — an initiative to which the Government welcomed.

4.3 **As we have noted, this document is a sequel to a Communication put forward by the Commission in 2012 which identified the areas where action would benefit the blue economy, and it seeks in particular to address gaps in knowledge and data, the current diffusion of research efforts, and the shortage of the skills needed by the blue economy. We are therefore drawing it to the attention of the House, but, as it does not raise any contentious issues, we are content to clear it.**

Full details of the documents: Commission Communication: *Innovation in the Blue Economy: realising the potential of seas and oceans for jobs and growth*: (36012), 9770/14, + ADD 1, COM(14) 254.

Background

4.4 In September 2012, the Commission put forward a Communication² identifying the importance of activities which depend upon the sea (the “blue economy”), and a number of specific areas where it believed that further targeted action by the EU and its Member States would be beneficial.

2 (34262) 13908/12: see Nineteenth Report HC 86-xix (2012–13), [chapter 12](#) (7 November 2012).

The current document

4.5 It has now produced this further Communication addressing the role which innovation can play in this area, which it notes is crucial both in realising the growth potential of all sectors of the blue economy, and in helping to bring about significant environmental benefits, either by “eco-innovations” (such as reducing sulphur emissions from ships), or by helping to develop cost-effective marine protection measures which can contribute to the implementation of the Marine Strategy Framework Directive. The Commission also notes that the EU’s Innovation Flagship Initiative is helping to create an innovation-friendly environment; that the Competitive and Innovation Framework Programme mobilised more than €15 billion for small and medium sized enterprises (SMEs) between 2007 and 2012; that the Horizon 2020 programme includes enhanced measures to support SMEs; and that a significant proportion of the EU’s Structural and Investment Funds have been earmarked for innovation.

4.6 However, the Commission says that the Innovation Union Flagship identified a number of weaknesses which need to be tackled, including under-investment in knowledge, poor access to finance, the high cost of intellectual property rights, slow progress towards interoperable standards, ineffective use of public procurement, and duplication in research. It also points out that its Annual Growth Survey for 2014 reported insufficient collaboration between the public and private sectors on innovation; an inability to transfer research results into goods and services; and a growing skills gap affecting knowledge intensive sectors.

4.7 The Commission says that it will ensure that Member States’ National Reform Plans mainstream policies which reflect blue growth priorities, and that it will also examine how complementary action at EU level can tackle the following three issues:

Gaps in knowledge and data

The Commission observes that there are gaps in knowledge and data about the state of the oceans, seabed resources, marine life, and risks to habitats and ecosystems, and says that it has therefore established a sustainable process, which aims to ensure that marine data is easily accessible, interoperable, and free from restrictions in use, with the specific aim of developing a multi-resolution map of the entire seabed and overlying water column by 2020. It adds that this will be achieved by improving the European Marine Observation and Data Network (EMODnet); integrating this with data systems, such as the European Earth Observation Programme (“Copernicus”) and the data collection system for fisheries; integrating into EMODnet non-confidential data collected by private companies; encouraging EU research programme consortia to grant open access to marine data; and developing a mechanism for the strategic coordination of observation systems, sampling programmes and surveying priorities for European sea-basins through funding from the European Maritime and Fisheries Fund. It says that, taken together, these efforts will strengthen the scope for innovation and investment in the blue economy, and also strengthen the EU’s position in international efforts, such as the Global Earth Observation System of Systems.

Diffusion of research efforts

The Commission says that remarkable progress has been made since it adopted its European Strategy for Marine and Maritime Research in 2008, and that a substantial amount of marine research is also carried out through Member States' programmes. However, it comments that diffuse efforts hinder inter-disciplinary learning, and slow the progress of technological breakthroughs in key technologies and innovative business sectors. In view of this, and in order to make new research opportunities widely accessible and increase synergies between nationally funded research activities and Horizon 2020, it says that it will establish an information platform on marine research across the whole Horizon 2020 programme and work with Member States to include information on their research projects.

Skills for the blue economy

The Commission says that there is a lack of scientists, engineers and skilled workers able to apply new technologies in the marine environment, and that EU measures to increase recognition and transparency of skills and competences will need to take the requirements of the blue economy into account. In particular, it points to the potential role of the Knowledge Alliances being established under the Erasmus Programme to bring together those from higher education and business, and it is encouraging stakeholders in the blue economy to apply for such an Alliance and for a marine Sector Skills Alliance to design and deliver joint curricula and methods to provide learners with the required skills.

The Government's view

4.8 In his Explanatory Memorandum of 27 June 2014, the Minister of State for Business and Energy (Michael Fallon) says that the UK generally welcomes the Commission's Communication, and that improving access to data and creating an information platform should lead to more efficient use of EU research funds (although new processes should represent a streamlining and simplification of existing arrangements and not create additional burdens for Member States).

4.9 The Minister adds that the UK believes that creating a business-science forum is a positive step in moving more rapidly from research to commercialisation, provided this does not duplicate other work. He also notes that implementation of the Marine Knowledge 2020 Roadmap has the potential for greater consistency and for increasing synergies with the European Marine and Observation Data Network, and in particular suggests that this is a positive development so far as Copernicus is concerned, as it should enable its data to be widely used in other initiatives.

Previous Committee Reports

None.

5 Regulatory fitness

Committee’s assessment	Politically important
Committee’s decision	Cleared from scrutiny
Document details	Commission Communication on the State of play on regulatory fitness
Legal base	—
Department	Business, Innovation and Skills

Summary and Committee’s conclusions

5.1 Although the Commission believes that EU legislation is essential to achieve the objectives of the Treaties, it also recognises the need to ensure that it is not unnecessarily burdensome, and it accordingly launched in December 2012 a Regulatory Fitness and Performance Programme (REFIT), which aimed to identify initiatives which will result in significant regulatory cost reduction or simplification.

5.2 When it reviewed in October 2013 the progress which had been made so far, it also said that it would keep track of the regulatory fitness of proposals, and publish its findings in an annual REFIT scoreboard, and it has now produced this further Communication summarising the progress of the REFIT programme, and identifying possible future steps. It has also provided an update on other aspects of the Commission’s smart regulation agenda — including Impact Assessments, evaluations and stakeholder consultations — and discusses how EU institutions, Member States and stakeholders could better work together on regulatory fitness. The Communication is accompanied by a Staff Working Document, which comprises the first REFIT scoreboard.

5.3 The regulatory Fitness Programme (REFIT) is an important means of identifying measures which will lead to regulatory simplification and to a reduction in costs for business, and we are therefore drawing this Communication (and the accompanying REFIT scoreboard) to the attention of the House. However, we do not on this occasion believe that the documents raise any issues requiring further consideration, and we are accordingly clearing them.

Full details of the documents: Commission Communication: Regulatory Fitness and Performance Programme (REFIT): State of play and outlook: (36147), [10648/14](#), + ADD 1, COM(14) 368.

Background

5.4 Although the Commission believes that EU legislation is essential to achieve the objectives of the Treaties, it also recognises the need to ensure that it is not unnecessarily burdensome, and it accordingly put forward in October 2010 a Communication³ on smart

regulation, followed in December 2012 by a further Communication⁴ launching a Regulatory Fitness and Performance Programme (REFIT), which aimed to identify, assess, adopt and monitor the implementation of initiatives which will result in significant regulatory cost reduction or simplification.

5.5 It subsequently sought in October 2013⁵ to review the progress which had been made so far, and to set out the next steps, and it also said that it would keep track of the regulatory fitness of proposals, and publish its findings in an annual REFIT scoreboard. As we felt this was a timely moment for the House to consider some of the issues involved, we decided in our Report of 23 October 2013 to recommend the document for debate in European Committee C. That debate duly took place on 7 January 2014.

The current document

5.6 The Commission has now produced this further Communication reviewing the progress of the REFIT programme, and identifying possible future steps. It also provides an update on other aspects of the Commission’s smart regulation agenda — including Impact Assessments, evaluations and stakeholder consultations — and discusses how EU institutions, Member States and stakeholders could better work together on regulatory fitness. It is accompanied by a Staff Working Document, which comprises the first REFIT scoreboard.

Work to date on REFIT

5.7 The Commission says that its October 2013 Communication set out an ambitious agenda, with more than 100 actions being identified, half of these aimed at simplifying and reducing the regulatory burden of existing legislation, whilst the rest were fitness checks and evaluations designed to assess the effectiveness of EU regulation and to assess the potential for future burden reduction initiatives.

Progress of previously announced actions

5.8 The Commission says that it regards a swift and thorough implementation of REFIT as a priority, and that considerable progress has been made in the preparation of proposals, their adoption by the European Parliament and Council, and their implementation by Member States. It identifies the following steps taken by the various parties involved:

- Action taken by the Commission itself

It says that most of the legislative proposals identified in the October 2013 Communication are planned for adoption in 2014, with important simplifications for businesses (such as a standard EU VAT declaration and an improved European small claims procedure) having been proposed to the co-legislators. It adds that, following consultation with the European Parliament and Council, the Commission approved the withdrawal of 53 pending proposals, including all nine

4 (34557) 17784/13: Twenty-seventh Report HC 86-xxvii (2012–13), [chapter 7](#) (16 January 2013).

5 (35346) 13920/13: Nineteenth Report HC 83-xviii (2013–14), [chapter 2](#) (23 October 2013).

announced in its October 2013 REFIT Communication (and covering such areas as the simplification of VAT obligations, the statute of a European private company, and the protection of soil), and that it decided not to present a number of proposals on which it had been working. In addition, it has commenced fitness checks and evaluations across several policy areas, including waste, the protection of birds and habitats, passenger ship safety, and General Food Law; and, in line with the Think Small First principle, it has where appropriate taken action to apply exemptions or lighter regimes for SMEs and micro-businesses (for example, in reducing registration and authorisation fees), with additional initiatives being taken to better use the internet to simplify and improve the implementation of regulatory requirements in areas such as food information for consumers.

- Action taken by the Council and European Parliament

The Communication gives examples of proposals adopted by the European Parliament and Council since October 2013 — including the recognition of professional qualifications, public procurement, the introduction of digital tachographs, and simplified prospectus and disclosure requirements relating to the internal market for securities — which the Commission anticipates will bring substantial savings, particularly to SMEs. However, it explains that some savings — notably on waste shipment, environmental impact assessment, and common rules for calculating the corporate tax base— have not been delivered due to a lack of support or delay on the part of the co-legislators, whilst some Member States have not taken full advantage when implementing measures in areas such as combatting late payments, company accounting requirements, the collection of statistics, and simplification of VAT obligations.

- Action taken by Member States

The Communication notes that, as up to one-third of the administrative burden linked to EU legislation stems from national implementing measures, Member States have an important responsibility to take full advantage of simplification and burden reduction measures, but that there are significant examples in areas such as food safety, road freight transport, company accounting, and the provision of food information to consumers, where they have failed to do so, or have added burdens through related national regulation. The Commission says it will monitor implementation of these and other REFIT actions and report on this in the 2015 scoreboard, and it also highlights its Administrative Burden Reduction Plus (ABR+) programme, under which it is examining implementation of measures undertaken in the 2007-2012 period.

The future of REFIT

5.9 The Commission describes REFIT as a continuous rolling programme to ensure EU legislation remains fit for purpose. It says that it is considering 10 new initiatives for simplification and burden reduction (including identity and travel documents, business statistics, an extended one-stop-shop for VAT, and the development on an EU VAT web portal); 34 further fitness checks and evaluations; seven repeals of legislation in areas such as energy labelling, transport rates, environmental reporting, and police and judicial

cooperation; and the withdrawal of five legislative proposals (including those on investor compensation schemes, aviation security charges, pregnant workers, compensation for oil pollution damage, and exemptions for micro-businesses from certain food hygiene provisions). This would be subject to all proposed new measures being confirmed in the Commission Work Programme for 2015.

Recent developments on the smart regulation agenda.

5.10 The Communication notes that REFIT is part of the Commission's wider smart regulation policy, which also includes impact assessment, stakeholder consultation, and evaluation, and that the Commission is committed to further strengthening these, and to a stronger focus on the assessment of the costs and benefits of regulation and reductions in reporting requirements.

5.11 More specifically, it says that, in order to facilitate the quick identification of *impact assessment* results, it has introduced a two-page summary sheet, and is committed to updating further guidance following a forthcoming consultation; that it is currently considering the results of its consultation earlier this year on *ex-post evaluation*, and will produce new guidelines, including reference to Fitness Checks; that it plans to strengthen its *stakeholder consultation* processes, by consulting stakeholders before issuing new internal guidelines, and improving the use of consultation in fitness checks and evaluations; that it will address the challenges arising on the *measurement of regulatory costs and benefits* (including costs derived from amendments by the co-legislators, the implementation choices of Member States, gaps between *ex ante* and *ex post* evaluation, and the variable quality and availability of data); and that reviews need to be carried out at national, regional and local levels to discover where *reporting requirements* exceed those set out in EU legislation.

Shared goals

5.12 The Commission welcomes the interest and support of Member States and other stakeholders in implementing REFIT, as well as emphasising the importance of continued cooperation, and says that it intends to propose a new High Level Group to accompany future work in the coming months, to replace the existing two groups.

5.13 The Communication concludes by stressing the need for a firm political requirement to regulatory fitness at all levels; the role played by the Impact Assessment Board, and by the Council and European Parliament, in considering legislative proposals; both the importance — and limitations — of quantifying costs and benefits; the need for legal certainty, and for careful consideration of the costs of change; and role which those directly affected by legislation can play in detecting unnecessary burdens, and hence the importance of consultation.

The Government's view

5.14 In his Explanatory Memorandum of 1 July 2014, the Minister of State for Business and Energy (Michael Fallon) says that the Government has engaged extensively with the Commission on better regulation issues since 2010, and that, working with other Member

States, it has pressed for a reduction in unnecessary regulatory burdens, especially for SMEs. He therefore welcomes REFIT as a step towards reducing the burden of European regulation on business and eliminating barriers to growth, and in particular the fact it delivers five of the recommendations of the Prime Minister’s Business Taskforce; suggests that consideration could be given to the withdrawal of the proposal to revise the Pregnant Workers Directive (which is no longer acceptable to the UK following amendments by the European Parliament); withdraws proposals for a Soil Framework Directive and an Access to Justice in Environmental Matters Directive (which would have introduced substantial and unnecessary costs for UK businesses, and, in the latter case, undermined the principle of subsidiarity); and has proposed a raft of fitness checks and evaluations.

5.15 On the other hand, he believes that REFIT must go further and faster in order to quickly and substantively reduce the EU regulatory burden on business, and is disappointed that the Communication rejects independent scrutiny of Commission Impact Assessments, and does not discuss steps to improve consultation in this area; continues to focus on administrative burdens, without also considering the compliance cost of EU regulation, and does not set a target for overall EU burden reduction; records slow progress on a number of previously announced fitness checks, and in addressing several of the most burdensome pieces of EU legislation identified by SMEs; and continues to signal that the Commission does not intend to address UK and other Member States’ concerns about the potential burdens and appropriateness of a number of key proposals, including the proposed General Data Protection Regulation, and the proposed Common Consolidated Corporate Tax Base Directive (which the Government believes would not only be burdensome, but also likely to be in breach of the subsidiarity principle). He says that the Government will continue to press the Commission on these concerns.

Previous Committee Reports

None.

6 Financial information on the European Development Fund

Committee’s assessment	Politically important
<u>Committee’s decision</u>	Cleared from scrutiny
Document details	Commission Communication: <i>Financial information on the European Development Fund</i>
Legal base	—
Department	International Development

Summary and Committee's conclusions

6.1 This Communication outlines the financial implementation of the 8th, 9th and 10th EDFs (European Development Fund) for 2013 and provides updated forecasts of EDF commitments, payments, and contributions for 2014 to 2015. It aims to help Member States assess and forecast future EDF payment amounts in order to plan and forecast national budgets.

6.2 The Minister (Lynne Featherstone) noted that the Commission's forecast does not revise overall Member State contributions for 2014 and so does not change DFID budgets for EDF contributions in 2013/14. The proposed level of Member State contributions in 2014, €3,250 million is thus the same figure as proposed in the last Communication of October 2013.⁶ The UK's forecast for 2014 annual contributions thus remains at €479,40 million.

6.3 The Minister nonetheless notes some Member State concern over the forecasted balance at the end of 2014, and says that the question of the additional €44 million in question will be revisited when the Commission produce their "more robust" October forecast.

6.4 She notes that, though the commitments forecast for 2014 is slightly higher than the forecast last October, it still remains substantially lower than previous years.

6.5 Although generally content with the Communication, the Minister has nonetheless been "strong in our support of the importance of good financial discipline"; encouraged the Commission to ensure that payments are not in excess of those budgeted, and that Member States receive timely and comprehensive explanations for any excesses of payments; and "continues to press" the Commission for improved forecasting. She is accordingly reassured that the Commission has an action plan in place to strengthen financial management and control systems, and has committed to presenting regular progress updates to Member States. She also notes that EDF 11, which runs from 2014-2020, includes commitments for the Commission to increase the forecasting period for Member States' contributions from two to four years, to minimise variations in Member States' annual contributions, and to manage balances in the EDF account more closely to ensure that funds, and any interest earned, will remain in Member State accounts until needed.

6.6 Although no major questions arise, we are drawing this Communication and the Minister's assessment to the attention of the House because of the importance of the European Development Fund and thus of its effective financial management by the Commission.

6.7 The Minister also suggests that there is a wrinkle that needs ironing out (see paragraph 6.16 below), which we look forward to her addressing when she submits the further Commission Communication in the autumn.

6.8 In the meantime, we clear this Commission Communication from scrutiny.

6 (35426) [15454/13](#).

Full details of the documents: Commission Communication: *Financial information on the European Development Fund*: (36149), [10929/14](#), COM(14) 350.

Background

6.9 The European Development Fund (EDF) supports actions in the African, Caribbean and Pacific (ACP) countries and the Overseas Countries and Territories (OCTs) <http://europa.eu/scadplus/leg/en/s05034.htm> in the following areas:

- economic development;
- social and human development; and
- regional cooperation and integration.

6.10 The EDF consists of several instruments:

- grants managed by the Commission;
- risk capital and loans to the private sector, managed by the European Investment Bank under the Investment Facility; and
- the FLEX mechanism, which seeks to remedy the adverse effects of instability of export earnings.

6.11 It is concluded for a multi-annual period (usually five years) and is implemented within the framework of an international agreement between the European Community and the partner countries. The 10th EDF (2008-2013) is governed by the ACP-EC partnership agreement (signed in 2000 and revised in 2005) and the amended Overseas Association Decision.

6.12 The 10th EDF has a budget of €22,682 million:

- €21,966 million to the ACP countries (97% of the total);
- €286 million to the OCTs (1% of the total);
- €430 million to the Commission as support expenditure for programming and implementation of the EDF (2% of the total).⁷

The Commission Communication

6.13 In accordance with Article 7(3) of the Internal Agreement⁸ and Articles 57(3) and (4) of the 10th EDF Financial Regulation,⁹ the Commission presents in this document estimates of commitments, payments and contributions for the period 2014 and 2015,

7 See http://ec.europa.eu/europeaid/how/finance/edf_en.htm for full information.

8 Internal Agreement between the Representatives of the Governments of the Member States, meeting within the Council, on the financing of Community aid under the multiannual financial framework for the period 2008 to 2013 in accordance with the ACP-EC Partnership Agreement and on the allocation of financial assistance for the Overseas Countries and Territories to which Part Four of the EC Treaty applies: OJ No. L 247, 9.9.06, p32.

9 Council Regulation (EC) No. 215/2008.

taking into account the forecasts of the European Investment Bank (EIB) concerning the Investment Facility.

The Minister's Explanatory Memorandum of 2 July 2014

6.14 The Parliamentary Under-Secretary of State at the Department for International Development (Lynne Featherstone) explain that the Communication aims to help Member States assess and forecast future EDF payment amounts in order to plan and forecast national budgets. She notes that this is a preliminary forecast, and that the Commission provides “a more robust forecast” annually in October.

6.15 The Minister also points out that:

- Member State contributions agreed in the 2013 calendar year, to be paid in future years, totalled €3,200 million, of which €2,950 million is managed by the Commission and €250 million by the EIB;
- the UK's share of the 10th EDF is 14.82%;
- the Commission and EIB have requested total contributions from Member States for 2014 of €3,250 million, of which €3,144 million will be managed by the Commission and €106 million by the EIB;
- the UK share will be €479,40 million (£389,80 million);
- the Commission and EIB have requested total contributions from Member States for 2015 of €3,600 million, of which the UK share would be €533,52 million (£433,81 million);
- if the 11th EDF has been ratified by all Member States by 2015, the UK share would be 14.68% which equates to €528,48 million; and
- the EIB's forecasts for 2014 include final payments from the 9th EDF (2003-2007), with the UK's share of the 9th EDF being 12.69%.

The Government's view

6.16 The Minister comments as follows:

“This updated EC¹⁰ forecast does not revise overall Member State contributions for 2014 and so does not change DFID budgets for EDF contribution in 2013/14. The proposed level of Member State contributions in 2014, €3,250 million (£2,643 million) is the same figure as proposed by the last Communication from the EC (EM 15454-13 & 15457-13 7 November 2013).

“There will, however, be a change to the third payment of 2014. The EIB have cancelled their call for the third instalment of €44 million (£35,78 million) for 2014. Due to an increase in EC payments for 2013 and 2014 over those forecast in October

2013, the EC have noted an increase in treasury needs and have asked for the amount cancelled by the EIB to be transferred to the EC. This means that whilst the final request to Member States remains unchanged overall, the split between the EC and the EIB is different, at €3,144 million (£2,556 million) for the EC and €106 million (£86,19 million) for the EIB. This amount is relatively small, and the request is legal: it is allowed for in the 11th EDF Internal Agreement and has been done in the past.

“Member States expressed concern that the EC was not demonstrating good financial discipline. However, given expected payments are higher than predicted, the forecasted balance in their accounts is lower at the end of 2014 than deemed prudent and it was decided that the EC should have the necessary cash reserves to avoid any liquidity issues. The EC proposed that they would return to the question of the additional €44 million (£35,78 million) in their October forecast, and could reduce Member State contributions at a later stage if deemed appropriate.

“The commitments totalling €2,571 million (£2,090 million) forecast for 2014 are slightly higher than the €2,320 million (£1,886 million) forecast in October, but still remain substantially lower than previous years. This can be explained by the fact that it is unclear when EDF11 will be ratified, and thus when commitments can be made from 11th EDF funds. The €2,320 million (£1,886 million) commitments take into account the use of a bridging fund, composed of decommitments from previous EDFs and unused 10th EDF funds at 31/12/2013. The final figure available for this bridging transitional facility is not yet known, but it will not reach the normal level of commitments, though funds will remain available for priority programmes.”

6.17 The Minister goes on to say:

“The UK is content with the proposed communication, but continues to press the EC for improved forecasting. In response to the most recent European Court of Auditor’s report on activities of the 8th, 9th and 10th EDFs, we are reassured that the EC has an action plan in place to strengthen financial management and control systems, and they have committed to presenting regular progress updates to Member States. The UK also worked hard to strengthen EDF financial management as part of negotiations of the 11th EDF which runs from 2014-2020. We secured legal commitments for the EC to increase the forecasting period for Member States’ contributions from two to four years, to minimise variations in Member States’ annual contributions, and to more closely manage balances in the EDF account to ensure that funds, and any interest earned, will remain in Member State accounts until needed.

“We have been strong in our support of the importance of good financial discipline. In Council Working Group the UK encouraged the EC to ensure that payments are not in excess of those budgeted, and that Member States receive timely and comprehensive explanations for any excesses of payments. However, we are satisfied with the legality and necessity of the €44 million (£35,78 million) additional funding to the EC in 2014, and will reassess Member State contributions in Council Working Group in October.”

6.18 The Minister concludes by noting that, Member States having discussed and supported this Communication in Council Working Group 16 June 2013, she expects approval to be sought in Council in July 2014.

Previous Committee Reports

None.

7 Citizens' dialogues

Committee's assessment	Politically important
<u>Committee's decision</u>	Cleared from scrutiny
Document details	Commission report: <i>Citizens' dialogues as a contribution to developing a European public space</i>
Legal base	—
Department	Foreign and Commonwealth Office

Summary and Committee's conclusions

7.1 Citizens' dialogues have formed a central part of the 2013 European Year of Citizens. They are modelled on "town hall" meetings and are intended to provide a public forum for debate on European themes. The Commission report provides an overview and assessment of the 51 citizens' dialogues held between September 2012 and March 2014. It says that the dialogues have a central role to play in rebuilding trust in the EU and in developing a European Public Space which is based on shared values while also taking into account national and regional perspectives. The report recommends continuing the dialogues in order to bring "a truly European perspective to the debate with national constituencies" and to discuss "the bold changes required to build an even more democratic Union".¹¹

7.2 The Minister for Europe (Mr David Lidington) considers that citizens' dialogues do not offer a durable solution to the problem of democratic legitimacy within the EU and that a stronger role, and greater powers, for national parliaments are needed to plug the democratic deficit. Our First Report, agreed on 4 June, provides further details on the Government's proposals to enhance democratic legitimacy.

7.3 We suggested that the Minister's advocacy of greater powers for national parliaments was difficult to reconcile with the substantial delay within Government in responding to our Report on scrutiny reform. We asked him to explain:

¹¹ See p15 of the Commission report.

- which “partners” the Government has been working with “to increase democratic legitimacy within the EU” and whether this includes “partners” in Parliament;
- what consultation there has been with Parliament on the Government’s proposals;
- what thresholds the Government considers would be appropriate for issuing a yellow card, a late card and a red card; and
- when and by whom a “Governance Manifesto” for the incoming Commission would be agreed, and what role national parliaments would have in considering its content and implementation.

7.4 We recognise the efforts made by the Minister, not least through his appearances before this and other Select Committees, to *inform* Parliament of the Government’s reform proposals, including strengthening the role of national parliaments. However, we asked specifically about *consultation* with Parliament. There is scope for a much more open dialogue with Parliament in developing proposals for reform, and considering their practical feasibility, rather than simply announcing them at the end of the process. The example given by the Minister of a “priorities document” agreed by the European Council in June to inform the work of the incoming Commission is instructive. The political significance of these strategic and high level documents is self-evident, yet there is little, if any, scope within the existing institutional framework for national parliaments to make a meaningful contribution to shaping their content.

7.5 Whilst we welcome the Minister’s advocacy of a stronger role, and greater powers, for national parliaments at EU level, we remind him that there is much work to be done domestically to improve the way in which this House scrutinises the Government.

7.6 First and foremost, we still await the Government’s response to our Report on scrutiny reform — which was due at the end of January, nearly six months ago. To cite a further recent specific example, in early April we recommended a floor debate on the strategic guidelines for EU justice and home affairs to 2020 — a subject of immense importance to this House in light of the UK’s 2014 block opt-out decision — so that Members would have the opportunity to express their views on the strategic direction of a policy area which has such a direct bearing on the rights and interests of individual citizens. The Government has had ample opportunity to make time available for a debate ahead of the June European Council, which agreed the strategic guidelines by consensus, but has failed to do so. We suggest to the Minister that the absence of a debate, or any explanation for the delay, does little to advance democratic legitimacy either domestically or at the highest level of governance within the EU.

7.7 We look forward to exploring these and other issues in our evidence session with the Minister on 16 July. As we have no further questions to raise on the Commission report, we are content to clear it from scrutiny.

Full details of the documents: Commission Report: *Citizens’ dialogues as a contribution to developing a European public space*: (35935), [8428/14](#) + ADD 1, COM(14) 173.

Background

7.8 The Commission’s report on citizens’ dialogues acknowledged that trust in governance and political leadership at both EU and national level has been severely damaged by the economic and financial crisis. It noted that, whilst there was widespread support for “EU values” based on democracy, the rule of law, human rights and equality, and a desire for EP elections to offer “competing political ideas” addressing “the main underlying themes of unity, democracy and solidarity”, a significant majority of Europeans “feel that their voice is not being heard”. The report concluded that citizens’ dialogues had helped to give the EU institutions “a human face”, enabled EU Commissioners and other politicians to gain fresh insights, and recommended that they should be continued beyond the May 2014 EP elections.

7.9 Our Forty-eighth Report of 7 May and our First Report of 4 June 2014 provide a more detailed overview of the content of the Commission report and the Government’s proposals for strengthening the democratic legitimacy of the EU and its institutions.

The Minister’s letter of 1 July 2014

7.10 The Minister for Europe (Mr David Lidington) notes our concern at the Government’s delay in responding to our Report on scrutiny reform, which he attributes to “the wide ranging nature of the report and the breadth of interested stakeholders across Government”, and adds:

“I would like to reassure you that my priority remains ensuring that the Government provides a thorough response as soon as is possible.”

7.11 He says that addressing the lack of democratic accountability in the EU is “a top priority for the Government”, and continues:

“We see strengthening the role of national parliaments in the EU’s functioning as key to this. This issue is therefore one which the Foreign Secretary and I raise with our counterparts from across the EU in every conversation we have on EU reform. The same is true at official level.

“Our discussions have shown that the democratic deficit is a genuine concern across Member States and within the EU institutions. I have seen a real change in the attention given to the issue over the past year — for example it has been addressed on several occasions at the General Affairs Council. The results of the European elections reiterate the importance of recognising the widespread disillusionment with the EU and the need to address voters’ concerns through reform.

“The lesson I draw from my conversations is that many agree on the importance of Europe becoming more focused, the principles of subsidiarity and proportionality being better upheld, and on giving national parliaments a greater and more effective role in the EU’s functioning. Dutch Foreign Minister, Frans Timmermans, for example, has called for national parliaments to be given a red card whilst French President Francois Hollande has said that Europe has become too remote from voters.

“I agree with the Committee on the crucial role which Parliament and parliaments in other Member States have to play in this process. We will be able to move further and faster the more that national parliaments themselves vocally call for a strengthened role.

“I also welcome the regular opportunities to discuss the Government’s EU reform proposals with Parliament including through contributions to Select Committee reports, in debates and through conversations with parliamentarians.

“The Government has recently submitted written and oral evidence covering our proposals for strengthening the role of national parliaments in the EU’s functioning to three Select Committee inquiries. These include your Committee’s own report on scrutiny reform, the House of Commons Foreign Affairs Committee’s report on the future of the EU, and the House of Lords European Union Select Committee’s report on the role of national parliaments in the EU. I appreciate these opportunities for dialogue which also help to inform Government policy.”

7.12 The Minister reiterates the Government’s commitment to reforming the ‘yellow card’ procedure under the Protocol on the application of the principles of subsidiarity and proportionality so that it is easier for national parliaments to challenge EU legislation on both grounds. He continues:

“This includes lowering the threshold of the number of parliaments required to trigger a yellow card from the current one third. The Dutch proposal for a late card, which we support, advocates giving parliaments the opportunity to exercise the yellow card prerogatives after co-decision is complete and therefore the threshold needed would relate to that of the yellow card. As for the red card, the Government’s proposal is that if an agreed proportion of national parliaments (perhaps a simple majority) issued reasoned opinions covering subsidiarity or proportionality, the Commission would be forced to withdraw its proposal.”

7.13 Turning to the Government’s support for a ‘Governance manifesto’ for the incoming Commission, the Minister notes that at the informal dinner of Heads of State and Government on 27 May, the President of the European Council, Herman van Rompuy, was mandated to take this process forward, based on a “priorities document” agreed at the June European council. He adds:

“We encourage national parliaments to set out their vision for the next Commission, including the role that they seek for national parliaments.”

Previous Committee Reports

First Report HC 219-i (2014–15), [chapter 10](#) (4 June 2014); Forty-eighth Report HC 83-xliii (2013–14), [chapter 7](#) (7 May 2014).

8 EU Special Representative for the Horn of Africa

Committee’s assessment
[Committee’s decision](#)

Politically important
 Cleared from scrutiny

Document details

Council Decision: European Union Special Representative for the Horn of Africa

Legal base

Articles 28, 31 (2) and 33 TEU; QMV

Department

Foreign and Commonwealth Office

Summary and Committee’s conclusions

8.1 For these purposes, the Horn of Africa is defined as the countries belonging to the Inter-Governmental Authority on Development (IGAD)¹² — Djibouti, Eritrea, Ethiopia, Kenya, Somalia, Sudan, South Sudan and Uganda.

8.2 Our previous Report and those referred to therein provide full background on the rationale for the creation of this EUSR role, and of the creditable performance of the incumbent, Mr Alexander Rondos (a Greek diplomat with extensive experience in African matters, and who had worked in East Africa during his career).¹³

8.3 The present mandate runs until 31 October 2014. The EUSR has four policy objectives:

- To support the continued stabilisation process in Somalia, in particular the regional dimension of the conflict;
- To support the process towards the peaceful coexistence of Sudan and South Sudan as two viable, stable and prosperous states with robust and accountable political structures;
- To resolve current conflicts and avoid potential conflicts between or within countries in the region; and
- To support political and economic regional cooperation.

8.4 The second bullet point reflects the fact that, last October, the existing mandate was merged with that of the EUSR for Sudan and South Sudan. It had been extended for four months, to ensure that, before the merger was formally proposed, the High Representative and her staff demonstrate that the enlarged responsibilities would be managed so that the EU could maintain its engagement on both Somalia and the Sudans. By the time the Minister for Europe (Mr David Lidington) submitted his Explanatory Memorandum, it was clear that the concerns that he had expressed in June, and which we felt were justified,

12 The Intergovernmental Authority on Development (IGAD) in Eastern Africa was created in 1996 to supersede the Intergovernmental Authority on Drought and Development (IGADD) which was founded in 1986. The IGAD mission is to assist and complement the efforts of the Member States to achieve, through increased cooperation: Food Security and environmental protection; promotion and maintenance of peace and security and humanitarian affairs; and economic cooperation and integration. For full information on IGAD, see <http://www.africa-union.org/root/au/recs/igad.htm>.

13 See Seventeenth Report HC 83-xvi (2013–14), [chapter 22](#) (9 October 2013).

had been satisfied. We were also reassured by the proposal to review the mandate in April 2014 to consider whether the mandate was working.

8.5 The mandate would now be extended until 28 February 2015. The Minister provides a number of instances of how the EUSR has added value over the past two and a half years, and how the EUSR has led the EU response to several notable events in the Horn of Africa.

8.6 From a UK perspective, the Minister says that Somalia and Sudan and South Sudan are both high priorities for the UK; that, now more than ever, it is in the interests of the region and the wider international community, including the UK, that efforts continue to improve regional stability, with a focus on Somalia and Sudan and South Sudan; and that the EUSR “helps deliver UK objectives for the Horn of Africa region through a mandate that continues to reflect our policy goals”.

8.7 With regard to the balance of priorities, the Minister says that Somalia remains the focus of the mandate, which matches HMG objectives for the Horn of Africa; and that Sudan and South Sudan are also top priorities for the UK, where most of the EUSR’s work has focused on the establishment of viable, stable and prosperous states rather than on their peaceful coexistence. When considered alongside the issue of EUSR capacity, the Minister continues to judge that the balance of the four policy objectives as appropriate.

8.8 Recalling last year’s concern that the EUSR might not have the capacity to cover Sudan and South Sudan, or that merging the mandates might lead to reduced focus on UK priority issues, the Minister says that, despite the deteriorating situation in South Sudan, the EUSR has successfully managed to remain engaged across the Horn of Africa and has continued to devote political energy to the challenges of stabilisation and the establishment of interim administrations in Somalia; and that, after the review of progress to date in April 2014, he now assesses that his office is working at full capacity. Were tensions to escalate over Nile Basin and the Ethiopian Renaissance Dam, or if Ethiopia and Eritrea were to return to hostilities, then the EUSR’s resources and the division of his mandate would need to be reassessed; ditto should violence escalate or should famine worsen in the crisis in South Sudan.

8.9 In the meantime, the proposed budget for the four month extension is €890,000, a 2% pro rata reduction on the previous budget. The Minister judges this to be “good value to the taxpayer while effectively resourcing the EUSR to deliver important UK objectives in the Horn of Africa”.

8.10 All in all, the Minister assesses that the merger of responsibilities in October last year has brought greater EU coherence across the Horn of Africa: “Events in the region are fast moving and continue to threaten UK priorities in the Horn of Africa and the EUSR continues to be best placed to coordinate the EU’s role in a dynamic neighbourhood”.

8.11 We have reported on previous occasions both on other similar EUSR mandate extensions and in general — most recently in the First Report of this session.¹⁴

14 See First Report HC 219-i (2014–15), [chapter 27](#) (4 June 2014).

8.12 As with the others, the extension of this mandate until next February plays into the much wider issue of whether, post-Lisbon, the EUSR as a “concept” is to be continued or (as the EU High Representative has proposed) absorbed into the European External Action Service (EEAS) — the consequence being that Member States would no longer be able to approve the mandates of what are effectively the Council’s special envoys to a variety of trouble spots affecting EU and national interests, or the job holder. Instead, such “special envoys” would effectively represent the High Representative/EEAS, and not the Member States through the Council.

8.13 As our previous Reports on other EUSR mandates relate, the final decision has been put off until a new HR is in post (from 1 November) and virtually all the present mandates have been timed, like this one, so that they come up for renewal next February: yet some mandates have already effectively been taken over by the EEAS *pro tem*, or have been effectively suspended while the incumbent has been appointed as the HR’s Special Envoy.¹⁵

8.14 Once that new HR has been appointed, in November 2013, we have already asked the Minister to write, (no later than mid-January 2015 and sooner if appropriate) with his own thoughts on the February 2015 round of mandate renewals and his assessment of the likely way forward for the EUSR concept as a whole. In the meantime, the Committee again endorses what the Minister has said thus far about the need for Member States to retain at least their present degree of control over the establishment of each position, the mandate and the job-holder.

8.15 We also now clear the Council Decision.

Full details of the document: Council Decision amending Decision 2013/527/CFSP and extending the mandate of the European Union Special Representative for the Horn of Africa: (36032), —.

Background

8.16 Council Decision 2013/527/CFSP extended the mandate of the EUSR for the Horn of Africa for 12 months, to 31 October 2014.

8.17 It also proposed that the mandate should be expanded to include elements of Sudan and South Sudan, when the mandate for the EUSR for Sudan and South Sudan expired on 31 October 2013.

8.18 At that time, the Minister said:

“We consider the EUSR for the Horn of Africa to be a politically important position. Somalia and Sudan and South Sudan are both high priorities for the UK. It is in the interests of the region and the wider international community, including the UK, that efforts continue to improve regional stability, with a focus on Somalia and Sudan and South Sudan. The EUSR helps deliver UK objectives for the Horn of Africa region through a mandate that reflects our policy goals.”

¹⁵ The exception being the EUSR for Bosnia, whose mandate runs until June 2015.

8.19 Concerning the proposal to merge the two mandates, the Minister said:

“We welcome the High Representative’s wish to rationalise EUSR mandates in this region, providing more cost-effective coverage, while increasing strategic linkages in the region. The geographical remit of the EUSR for the Horn of Africa already covers Sudan and South Sudan, and the merger of the two mandates makes sense in that broader regional context.”

8.20 The Minister then noted four policy objectives in the proposed mandate:

- To support the continued stabilisation process in Somalia, in particular the regional dimension of the conflict;
- To support the process towards the peaceful coexistence of Sudan and South Sudan as two viable, stable and prosperous states with robust and accountable political structures;
- To resolve current conflicts and avoid potential conflicts between or within countries in the region; and
- To support political and economic regional cooperation.

8.21 The Minister then looked at what he described as the key issues of whether the balance of priorities was appropriate, and whether the EUSR had the capacity to fulfil the mandate as follows:

- i. “The balance of priorities. Somalia remains the focus of the mandate which matches HMG objectives for the Horn of Africa. Sudan and South Sudan are also top priorities for the UK, and the mandate is clear that the EUSR should focus on the peaceful coexistence of the two states, adding value to existing conflict mediation processes. Progress towards peace and security in Somalia, Sudan and South Sudan will have wider benefits for strengthening regional peace and security. When considered alongside the following issue of EUSR capacity, we judge that the balance of the four policy objectives is appropriate.
- ii. “EUSR capacity. In June, the Parliamentary Scrutiny Committees were concerned that the EUSR might not have the capacity to cover Sudan and South Sudan, or that the merging of the mandates might lead to reduced focus on a UK priority issue. We share these concerns and raised the issue at the EU Political and Security Committee on 27 September. In summary, the proposal is for the EUSR to focus mainly on Somalia, spend roughly 30% of his time on Sudan and South Sudan, and the remainder of his time on regional issues (further detail is provided in Flags B and C). The EU’s Envoy to Somalia/Head of Delegation in Nairobi, Michele Cervone d’Urso, will take on some of the internal political work previously undertaken by the EUSR. To ensure capacity on Sudan and South Sudan, the EUSR’s staff will be augmented by expertise drawn from the EUSR for Sudan and South Sudan’s office when that mandate expires, and will be supported by EU Heads of Delegation in Khartoum and Juba. We are content with these proposals.”

8.22 In sum, the Minister said:

“The UK supports the extension of this mandate by twelve months. We also support the merger of responsibilities, although we have lobbied the EEAS to review the mandate in April 2014 to consider whether the approach is working.”

8.23 Although the two supporting documents to which the Minister referred were in fact withdrawn because they were not yet in the public domain, we were satisfied on the basis of his Explanatory Memorandum alone that the concerns that the Minister had expressed in June, and which we felt were justified, had been satisfied. We were also reassured by the proposal to review the mandate in April 2014 to consider whether it was working: we should be grateful if the Minister would write to us then with information about the scope of the review, its findings and his views thereon. In the meantime, we cleared the mandate amendment and extension.¹⁶

The draft Council Decision

8.24 This draft Council Decision extends the EUSR’s mandate from 31 October 2014 until 28 February 2015. The four policy objectives remain the same (c.f. paragraph 8.9 above).

The Government’s view

8.25 In his Explanatory Memorandum of 24 June 2014, the Minister recalls that, having in January told Member States that she would not replace any EUSR resigning between then and the end of her own mandate, and that where mandates ended on or before 30 June 2014, she would only renew them to 31 December 2014, the High Representative and Vice President (HRVP; Baroness Ashton) was persuaded by the UK and others that it was unrealistic to expect the next HRVP, due to take office on 1 November, to make proposals on EUSRs immediately on taking office, and the Council to consider, ensure parliamentary scrutiny, and approve appointment decisions by the end of the year; and subsequently agreed to extend all EUSR mandates expiring this year until February 2015.

8.26 The Minister says that he remains “fully supportive of the work of the EUSR”, whom he says has, over the past two and a half years, “added significant value to the EU’s work in the Horn of Africa”, by:

- i. “Providing coherence and coordination to the EU’s Brussels and regionally-based machinery, in order to maximise the EU’s leverage on political, security and defence work in the region;
- ii. “Providing the EU with a regional perspective/approach to the Horn of Africa and coherent policymaking across a divided region currently beset by instability;
- iii. “Adding impetus to the EU’s Horn of Africa Strategic Framework, agreed November 2011, which sets out the EU’s approach to improving political stability, security and economic growth in the region;

¹⁶ See Seventeenth Report HC 83-xvi (2013–14), [chapter 22http://www.publications.parliament.uk/pa/cm201314/cmselect/cmeuleg/83-xvi/8325.htm](http://www.publications.parliament.uk/pa/cm201314/cmselect/cmeuleg/83-xvi/8325.htm) (9 October 2013).

- iv. “Lobbying key international actors, including regional and Gulf partners, as well as countries that are active in the Horn of Africa;
- v. “Coordinating and galvanising the EU response to regional crises through building sustained relationships with key power brokers in the region, such as the African Union, IGAD and Ethiopia;
- vi. “On Sudan and South Sudan (until October 2013 a separate EUSR position), promoting the EU’s Comprehensive Approach to building two viable states, at peace internally and with their neighbours; seeking a resolution to resolving internal Sudanese conflicts in Darfur, Blue Nile and Kordofan: and, since December 2013, the conflict in South Sudan;
- vii. “Participating in international mechanisms which have been established to address the above issues, in particular supporting the African Union High Level Panel’s mediation between Sudan and South Sudan; supporting the IGAD-Chaired South Sudanese peace talks established in Addis Ababa; and representing the EU in the Implementation Follow-Up Commission which provides international oversight to the Darfur peace process following the signature in 2011 of the Doha Document for Peace in Darfur; and
- viii. “Playing a valuable role in maintaining a high level of EU engagement within the broader international processes, keeping EU Member States informed of developments in both countries, and helping to ensure consistency of EU policy, coordinating closely with the UK, US, Norway ‘Troika’.”

8.27 The Minister goes on to say:

“In addition, the EUSR has led the EU response to several notable events in the Horn of Africa, including, albeit not exclusively: the appointment of a new Prime Minister and Cabinet in Somalia; the Jubaland region of Somalia in August 2013; the uplift in troops and EU funding to the AU Peacekeeping Mission in Somalia (AMISOM); and the increasing terrorist threat posed by Al Shabaab in the wider region. The EUSR also briefs Member States in the region and in Brussels on a regular basis and has represented the EU at high-level events on Somalia, Sudan and South Sudan.

“We consider the EUSR for the Horn of Africa to be a politically important position. Somalia and Sudan and South Sudan are both high priorities for the UK. More now than ever, it is in the interests of the region and the wider international community, including the UK, that efforts continue to improve regional stability, with a focus on Somalia and Sudan and South Sudan. The EUSR helps deliver UK objectives for the Horn of Africa region through a mandate that continues to reflect our policy goals.”

8.28 The Minister says that, on this occasion, there are three key issues to consider for this Council Decision: whether the balance of priorities remains appropriate; whether the EUSR has the capacity to fulfil the mandate given the upswing in violence in South Sudan and the potential for future regional instability; and whether the budget for the role is commensurate with the EUSR’s responsibilities.

8.29 He continues thus:

“The balance of priorities. Somalia remains the focus of the mandate, which matches HMG objectives for the Horn of Africa. Sudan and South Sudan are also top priorities for the UK. In practice, with the outbreak of conflict in South Sudan, and continued conflicts in Sudan coinciding with a broad improvement in relations between the two Governments, most of the EUSR’s work on those two countries has focused on the establishment of viable, stable and prosperous states rather than on their peaceful coexistence. Progress towards peace and security in Somalia, Sudan and South Sudan will have wider benefits for strengthening regional peace and security. When considered alongside the following issue of EUSR capacity, we continue to judge that the balance of the four policy objectives is appropriate.

“EUSR capacity. Last year, the Parliamentary Scrutiny Committees and the UK Government were concerned that the EUSR might not have the capacity to cover Sudan and South Sudan, or that the merging of the mandates might lead to reduced focus on UK priority issues. Since then, despite the deteriorating situation in South Sudan, the EUSR has successfully managed to remain engaged across the Horn of Africa and has continued to devote political energy to the challenges of stabilisation and the establishment of interim administrations in Somalia. The EUSR reviewed progress to date in April 2014 and we now assess that his office is working at full capacity.

“If tensions were to escalate over Nile Basin and the Ethiopian Renaissance Dam, or if Ethiopia and Eritrea were to return to hostilities then we would need to reassess the EUSR’s resources and the division of his mandate. Additionally, although the EUSR has managed the crisis in South Sudan efficiently, should violence escalate or should famine worsen, then the mandate should be reviewed.

“Budget following on from horizontal review. The EU has circulated a budget proposal for the four month extension period of €890,000, a 2% pro rata reduction on the previous budget. We judge that this represents good value to the taxpayer while effectively resourcing the EUSR to deliver important UK objectives in the Horn of Africa.”

8.30 In sum, the Minister concludes thus:

“The UK supports the extension of this mandate by four months beyond the end of Baroness Ashton’s tenure to February 2015 and the alignment with the mandates of the EUSRs for Afghanistan, Kosovo and Human Rights. We assess that the merger of responsibilities in October last year has brought greater EU coherence across the Horn of Africa. Events in the region are fast moving and continue to threaten UK priorities in the Horn of Africa and the EUSR continues to be best placed to coordinate the EU’s role in a dynamic neighbourhood.”

Previous Committee Reports: None, but see: Seventeenth Report HC 83-xvi (2013–14), chapter 22 (9 October 2013).

9 EU strategy on public security in Central America and the Caribbean

Committee’s assessment	Politically important
<u>Committee’s decision</u>	Cleared from scrutiny
Document details	Joint Communication: <i>Elements for an EU strategy on public security in Central America and the Caribbean</i>
Legal base	—
Department	Foreign and Commonwealth Office

Summary and Committee’s conclusions

9.1 The Joint Communication sets out elements for an EU strategy on public security in Central America and the Caribbean. The strategy aims to adopt a “comprehensive approach” to the challenges facing the region, placing citizens’ security at the heart. It is intended to promote greater efficiency and improved co-ordination in delivering EU support to the region.

9.2 The European Union considers itself a long-term strategic partner of Latin America and the Caribbean. Overall relations are governed by a strategic partnership that was last renewed at the Summit of the EU and the Community of Latin America and the Caribbean (CELAC) in January 2013. This public security strategy aims to enhance relations on a sub-regional basis, so as to develop a shared public security agenda with the region as part of an overall political and development partnership with the EU. The strategy is intended to strengthen the capacity of governments in the region to help tackle insecurity, while upholding human rights and boosting prevention policies. It is also aimed at fostering regional and international cooperation, so as to deal with the transnational dimension of public security threats.

9.3 Although the proposed EU Strategy — which is plainly a “good fit” with both ongoing regional initiatives and bilateral programmes — raises no issues in and of itself, we are reporting it to the House because of the degree of interest in the region and the threats to its security, which — as the Minister for Europe (Mr David Lidington) notes — the UK has for many years been seeking to help its governments and regional organisations confront and overcome.

9.4 We are content to leave it to interested Members who may wish to do so, to pursue the matter further via the means at their disposal.

9.5 We now clear the Joint Communication.

Full details of the documents: Joint Communication: *Elements for an EU strategy on public security in Central America and the Caribbean*: (36061), [10108/14](#), JOIN(14) 21.

Background

9.6 In his Explanatory Memorandum of 23 June 2014, the Minister for Europe (Mr David Lidington) notes that the EU already provides support to the Central America Security Strategy (ESCA), adopted at the Guatemala conference in 2011¹⁷ and coordinated by the Central American Integration System (SICA)¹⁸ and the Caribbean Security Strategy, adopted in February 2013 by the Caribbean Community (CARICOM) Heads of State.¹⁹

9.7 He also notes that the strategy is in line with the EU’s “comprehensive approach” to external conflict and crises set out in the Joint Communication on “The EU’s Comprehensive Approach to External Conflict and Crises” of December 2013.²⁰ That Joint Communication was one of several documents prepared ahead of the December 2013 European Council, which was the first since 2007 to review that EU’s Common Foreign and Security Policy and defence activities. In December 2013, the European Council called for further steps to improve the efficiency and effectiveness of the EU’s comprehensive approach.

9.8 The subsequent May Foreign Affairs Council Conclusions welcomed the Joint Communication as an important step in this process. The “comprehensive approach” is predicated upon the notion that European Union and its Member States:

“can bring to the international stage the unique ability to combine, in a coherent and consistent manner, policies and tools ranging from diplomacy, security and defence to finance, trade, development and human rights, as well as justice and migration. This contributes greatly to the Union’s ability to play a positive and transformative role in its external relations and as a global actor.”

9.9 The Council defines the “comprehensive approach” as:

“both a general working method and a set of concrete measures and processes to improve how the EU, based on a common strategic vision and drawing on its wide array of existing tools and instruments, collectively can develop, embed and deliver more coherent and more effective policies, working practices, actions and results.”

9.10 The Council said that:

“Its fundamental principles are relevant for the broad spectrum of EU external action” and that “[t]he need for such a comprehensive approach is most acute in crisis and conflict situations and in fragile states, enabling a rapid and effective EU response, including through conflict prevention.”²¹

17 See http://www.europarl.europa.eu/meetdocs/2009_2014/documents/dcam/dv/ca_security_s/ca_security_s_en.pdf for details.

18 The Central American Integration System (*Spanish: Sistema de la Integración Centroamericana*, or SICA) is the economic and political organization of [Central American](#) states, and was established on 1 February 1993.

19 See http://www.caricom.org/jsp/pressreleases/press_releases_2013/pres35_13.jsp

20 See (35696), 17859/13: Fifth Report HC 219-v (2014–15), [chapter 13](#) (2 July 2014).

21 For the full text of the Council Conclusions on the Comprehensive Approach, see pp17-21 at http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/142563.pdf

9.11 The Minister also notes that the approach in the Caribbean security strategy also builds on a number of existing EU policy documents and takes into account reports from relevant multilateral institutions including UNDP and the OAS.

The Government's view

9.12 The Minister goes on to say that this EU action has been proposed because it is:

“mindful of the scale of the challenges facing Central America and the Caribbean and wishes to develop a comprehensive approach towards helping to tackle them, similar to the approaches made towards other global regions.”

9.13 The Minister notes that the UK enjoys a strong set of relationships with countries in Central America and the Caribbean and with the various regional organisations including SICA and CARICOM, and says that the proposal would fit with wider UK policy of supporting good governance and security in the region.

9.14 The Minister also agrees that one of the biggest challenges facing countries in the region is the fight against criminals using their territories for international drug trafficking:

“The attendant deterioration in public security is holding back the social and economic development of the region. The UK is supporting efforts of countries in the region to tackle the problem by sharing specialist British skills and expertise. The UK is an extra-regional observer of the Central American Integration System (SICA) and some of the UK's Overseas Territories are observer members of CARICOM.”

9.15 Finally the Minister notes that:

“The UK has offered a range of support to the region for tackling serious organised crime, violent crime and impunity. The UK has also been involved in initiatives to strengthen the rule of law in the region, for example seconding criminal justice advisers and asset recovery advisers to improve capacity and recover the proceeds of crime. Mentoring and training for security officials is also being provided.”

Previous Committee Reports: None, but see: Fifth Report HC 219-v (2014–15), [chapter 13](#) (2 July 2014): (35696), 17859/13, JOIN(13) 30.

10 The EU and Guinea-Bissau

Committee’s assessment
[Committee’s decision](#)

Politically important
 Cleared from scrutiny

Document details

Council Decision extending the validity of Decision 2011/492/EU and suspending the application of its appropriate measures

Legal base

Article 9 and Article 96 of the Cotonou Agreement; QMV

Department

Foreign and Commonwealth Office

Summary and Committee’s conclusions

10.1 Guinea-Bissau is a small West African state with a population of 1.6 million, a nominal GDP of £526 million forecast for 2014 and a ranking of 176 out of 186 countries on the UN Human Development Index (2014).

10.2 Guinea-Bissau has remained unstable since gaining independence from Portugal in 1974 with, most recently, two military coups in April 2010 and in April 2012. It is a key transit point for narcotics trafficking, principally cocaine, between South America and Europe; this poses a direct threat to the security of the United Kingdom and undermines civilian authority over the military, the rule of law and the effectiveness of development aid.

10.3 EU development aid provided directly to the authorities (via the EDF) was suspended in 2011, on the basis that the country had breached the Cotonou Agreement’s essential political elements (in Cotonou Agreement parlance, Article 96 “appropriate measures”). The EU opened “Article 96” consultations with Guinea-Bissau in March 2011, focusing on reforms in the areas of political, judicial and economic governance. Progress against agreed benchmarks has been very limited. But internationally validated presidential and legislative elections were held in 2014.

10.4 The draft Council Decision proposes:

- to extend for a further 12 months, to 19 July 2015, the appropriate measures set out in Decision 2011/492/EU which concluded formal consultations with the Republic of Guinea-Bissau under Article 96 of the Cotonou Agreement;²² and
- that the application of these appropriate measures be suspended in order to allow for engagement with the newly elected Government of Guinea-Bissau.

10.5 The Minister for Europe (Mr David Lidington) agrees with this proposal as (he says) despite positive signals from the new government, security sector reform (SSR) remains a priority and “replacing the military hierarchy is of the utmost importance as it continues to

²² The Cotonou Agreement is the principal instrument of the European Union’s development policy towards Africa and Caribbean and Pacific countries. It was established in 2000 and was revised in 2005 and 2010. Based on partnership, the Agreement aims to promote economic, cultural and social development. It provides for regular and wide-ranging political discourse with emphasis on human rights, democracy, the rule of law and good governance.

pose a threat to the democratic process”. Suspending the application of the appropriate measures would allow financial support and help alleviate the currently strained economic situation: “the Commission has reported that the public treasury is empty and the State is unable to assume vital functions such as health, education, energy and water”. Should the Government of Guinea-Bissau not renew the previous undertakings and embark upon the necessary reforms the suspension could be lifted. The Minister considers the Commission’s proposed way forward to be sensible.

10.6 We have no questions regarding the proposal, which we are reporting to the House because of the importance to UK and wider EU interests of endeavours to encourage and support good governance in the region and counteract authoritarian rule.

10.7 We are, however, concerned about the late submission of the proposal. We would like the Minister to explain why — when the renewal date was known a year ago and there is no suggestion of any necessity for the last minute consideration of the appropriateness of the proposal — his Explanatory Memorandum was not submitted until, effectively, 8 July, only four working days before the Council meeting at which it is to be adopted. In his response, we would like the Minister to remind us of how many times he has taken up the matter of late submission of proposals with the EU High Representative for Foreign Affairs and Security Policy and Vice-President of the Commission (Baroness Ashton) and how she has responded — including whether she has responded at all to his most recent representations.

10.8 In the meantime, we now clear the draft Council Decision.

10.9 We would, however, be grateful if the Minister would write in six months’ time with details of the Commission’s progress review and his own assessment.

Full details of the documents: Draft Council Decision extending the validity of Decision 2011/492/EU and suspending the application of its appropriate measures: (36160), [11136/14](#), + ADD 1, COM (14) 369.

Background

10.10 Guinea-Bissau has remained unstable since gaining independence from Portugal in 1974. Recent years have seen the murder of a serving President, one attempted coup d’état, and two actual coups in April 2010 and April 2012. Power has tended to lie with the overly-large military, which often acts with impunity and in its own interests. Divisions within the civilian leadership exacerbate matters, with rival politicians seeking to use the military leaders and their ambitions to shore up their own positions. It is a key transit point for narcotics trafficking, principally cocaine, between South America and Europe; this poses a direct threat to the security of the United Kingdom. The narcotics trade undermines civilian authority over the military, the rule of law and the effectiveness of development aid in Guinea Bissau and across West Africa.

10.11 The EU opened Article 96 consultations with Guinea-Bissau in March 2011 on the basis that the country was considered to have breached the Cotonou Agreement’s essential political elements. The EU, and others in the International Community, have tried to deal with the three key issues that Guinea-Bissau faces: development, security sector reform

(SSR) and drugs trafficking, the effect of which permeates almost every level of society. For their part, the Bissau-Guinean Government put forward undertakings to ensure the primacy of civilian authority, to improve democratic governance, to guarantee the safeguarding of constitutional order and the rule of law, and to tackle impunity and organised crime. On the strength of this, the Commission closed the consultations in June 2011 adopting “appropriate measures” (as they are called in the language of the Cotonou Agreement, which suspended financial assistance) based on those undertakings, so as to ensure a gradual resumption of EU cooperation, dependent on their fulfilment. The Article 96 measures suspended development funding to the government authorities under the 9th and 10th cycles of the European Development Fund (EDF9 and EDF10). The resumption of funding is directly linked to progress against the commitments undertaken by Guinea-Bissau during the Article 96 consultations.

10.12 However, a coup d’etat in April 2012 (as the Minister for Europe put it a year ago) complicated the picture further. The UK and its EU partners saw the closure of the consultations in 2011, and a return to political talks under Article 8 of the Cotonou Agreement, as the best method to maintain pressure on Guinea-Bissau. The intention was to engage in regular dialogue, focusing on reforms in the areas of political, judicial and economic governance and to influence Guinea-Bissau’s leaders into acting in the best interests of their citizens. But the absence of any progress in the previous 12 months had led the Council to propose that the appropriate measures should remain in place for a further 12 months, to July 2014. This approach, the Minister said, “coupled with international pressure and the sanctions against the coup leaders, remain the best levers to encourage Guinea-Bissau to return to constitutional order”.²³

The Minister’s Explanatory Memorandum of 7 July 2014

10.13 The Minister for Europe explains that the European Commission:

- feels no further progress has been made over the past year against the agreed Article 96 benchmarks and, on this basis, the Article 96 measures should be renewed for another 12 months to 19 July 2015;
- acknowledges, however, the legislative and presidential elections that took place in Guinea-Bissau on 13 April (first round of Presidential and legislative) and 18 May 2014 (second round of Presidential), which were judged by all international observers, including the EU Electoral Observation Mission, as free and credible, and a major step in restoring constitutional order; and
- in order to engage with and to support the newly elected authorities to move the country towards a more stable democratic future, has proposed to suspend the application of the appropriate measures, subject to review in six months.

The Government’s view

10.14 The Minister says:

²³ See (35074) 11379/13: Ninth Report HC 83-ix (2013–14), [chapter 18](#) (10 July 2013) and the earlier Reports cited therein for the full background.

“We agree with this proposal as despite positive signals from the new government, SSR remains a priority and replacing the military hierarchy is of the utmost importance as it continues to pose a threat to the democratic process.”

10.15 The Minister explains that extending the “appropriate measures” for a further year, but suspending them:

“would allow financial support and help alleviate the currently strained economic situation in Guinea-Bissau — the Commission has reported that the public treasury is empty and the State is unable to assume vital functions such as health, education, energy and water. Should the Government of Guinea-Bissau not renew the previous undertakings and embark upon the necessary reforms the suspension could be lifted. We consider the Commission’s proposed way forward to be sensible; France, Germany, The Netherlands, Portugal and Spain have already expressed support.”

10.16 With regard to the *Financial Implications*, the Minister says:

“Suspending appropriate measures will allow the EU to provide financial support to Guinea-Bissau, with a proposed €45 million to come from the Bridging Facility (this is a transitional facility for priority programmes until the European Development Fund 11 (EDF11) is ratified by all EU Member States, not expected until early 2015) which will be accompanied by pressure to implement the necessary reforms. Programming of the rest of the €128 million EDF11 allocation set aside for Guinea-Bissau may commence at a technical level, but can only be finalised and agreed with the Government and Member States once Article 96 has been entirely lifted.”

Previous Committee Reports: None; but see (35074) 11379/13: Ninth Report HC 83-ix (2013-14), [chapter 18](#) (10 July 2013).

11 The EU and the Sahel: EUCAP Sahel Niger

Committee’s assessment

Politically important

[Committee’s decision](#)

Cleared from scrutiny

Document details

Council Decision on the European Union CSDP mission in Niger (EUCAP Sahel Niger)

Legal base

Articles 28, 42(4) and 43(2) TEU; unanimity

Department

Foreign and Commonwealth Office

Summary and Committee’s conclusions

11.1 Council Decision 2012/392/CFSP established EUCAP Sahel Niger, to build the capacity of Nigerien security forces to fight terrorism and organised crime. EUCAP Sahel Niger was launched in July 2012, and is mandated for two years until July 2014. It has five main tasks:

- advise and assist in the implementation of the security dimension of the Nigerien Strategy for Security and Development at national level;
- support the development of regional and international coordination in the fight against terrorism and organised crime;
- develop and implement adequate criminal investigation training programmes utilising a “train the trainer” approach;
- support the development of Nigerien Security Forces resilience by developing a Human Resources strategy and providing training in management issues; and
- contribute to the identification, planning and implementation of projects in the security field.

11.2 The first year’s budget was €8.7 million; the second year, €9.2 million. The mission got off to a slow start, largely due to a rushed planning process, lack of local buy-in and inadequate leadership. It began to pick up speed in its second year; so much so that, in March 2014, the Minister for Europe (Mr David Lidington) was able to report that the Mission was now delivering against its mandate, and that an EEAS Strategic Review had recommended extending the mandate for a further two years from 17 July, with the Mission being roughly the same size, retaining its current structure and costing a similar amount to now, with some small changes to the current tasks. Niger remained a fragile democracy in an increasingly volatile region; Nigerien elections were due in 2015–16, and a visible EU presence at least until then would increase the chances of a smooth poll.

11.3 This draft Council Decision extends the mandate for two years to July 2016, with a budget covering the period July 2014 to July 2015. The Minister says since its launch in 2012, EUCAP Sahel Niger has trained over 2,500 members of the security forces, armed forces, civil service and judiciary. He describes the mission’s work on improving the services’ human resource and forensic capabilities as having been particularly successful; likewise its work to co-ordinate EUCAP’s activity with that of other international actors in Niger (the latter led by the UK secondee in the Mission).

11.4 EUCAP will continue to assist the Nigerien authorities to define and implement their National Security Strategy and contribute to improving the capacities of Nigerien security actors in the fight against terrorism and organised crime. The Mission gains 11 new staff²⁴ and will expand its activity in some areas, including additional visits to the northern town of Agadez. Despite this, and (so says the Minister) as a result of UK lobbying, the Mission’s budget for July 2014–July 2015 shows a very small decrease compared to this year’s budget, principally due to savings on capital expenditure.

11.5 In our first Report on this mission, we noted that it demonstrated, not for the first time, the leading, sometimes solitary and commendable role the Minister and his officials have had in driving down the cost of CSDP missions; and are pleased to be able to commend them once again.

24 The overall authorized strength is 80 personnel (52 international staff and 28 local staff).

11.6 The next milestone would appear to be the 2015–16 elections with regard to which the Mission is seen as a stabilising presence. We should be grateful if the Minister would write to us then, with an update on the Mission’s achievements in the interim and his assessment of the Mission’s likely future role in the light of the election outcomes.

11.7 In the meantime, we clear this Council Decision.

Full details of the documents: Council Decision amending Decision 2012/392/CFSP on the European Union CSDP mission in Niger (EUCAP Sahel Niger): (36171), —.

Background

11.8 Council Decision 2012/392/CFSP established EUCAP Sahel Niger, to build the capacity of Nigerien security forces to fight terrorism and organised crime. EUCAP Sahel Niger was launched in July 2012, and is mandated for two years until July 2014. It has five main tasks:

- advise and assist in the implementation of the security dimension of the Nigerien Strategy for Security and Development at national level;
- support the development of regional and international coordination in the fight against terrorism and organised crime;
- develop and implement adequate criminal investigation training programmes utilising a “train the trainer” approach;
- support the development of Nigerien Security Forces resilience by developing a Human Resources strategy and providing training in management issues; and
- contribute to the identification, planning and implementation of projects in the security field.²⁵

11.9 The budget for the first year of the mission was set at €8.7 million. That was extended in July 2013 until the end of October 2013, because EUCAP Sahel Niger had under-performed. The Committee’s observations are set out in the first “Our assessment” section of our 23 October 2013 Report.²⁶ In July, the Minister for Europe (Mr David Lidington) had said that, once the Status of Mission Agreement (SOMA)²⁷ was in place, local buy-in could be expected to improve, together with the ability of the Mission to carry out its tasks: his Explanatory Memorandum of 17 October 2013 showed that this had now begun to happen (see paragraph 16.17 of our Report under reference). The proposed budget represents a *pro rata* increase of 5% on the previous budget of €8.7 million (the Minister’s detailed analysis is at the Annex to our Report under reference). The Minister’s

25 For full details of the Mission, see http://eeas.europa.eu/csdp/missions-and-operations/eucap-sahel-niger/pdf/factsheet_eucap_sahel_niger_en.pdf

26 See (35390) —: Nineteenth Report HC-xviii (2013–14), [chapter 16](#) (30 October 2013).

27 Status of forces agreements (SOFAs) and status of mission agreements (SOMAs) are bilateral or multilateral treaties that define the legal position of military forces and civilian personnel deployed by one or more states or by an international organization in the territory of another state with the latter’s consent.

accompanying letter was also interesting not only with regard to this mission, but also more widely (see paragraph 16.21-16.25 of our Report under reference).

11.10 Despite the welcome indications of progress, it had nonetheless taken a year to reach the point where the mission was now on track to deliver against clear goals. Moreover, as the Minister noted, the mission was still seriously under-staffed. Also, his comments about funding for equipment not being sufficiently tapped, that both the mission and the EEAS could be working more closely with other actors, and that there was soon to be a change, suggest that the mission had suffered from inadequate leadership. We recalled that it would have been obvious from the Committee's earlier Reports that it agreed with the Minister that the key lesson to be learned from the Niger process was that rushed planning led to poor mission performance; it was accordingly gratifying that he had instructed officials to ensure that the launch of any further civilian mission was delayed until proper planning was complete.

11.11 Against this background, the Committee accordingly said that it looked to the Minister to keep the Committee informed in writing as these processes took shape, and to ensure that any proposals for a new mission and/or for mandate extensions was submitted for scrutiny in time for any questions arising to be pursued with him and, if necessary, debated, before any Council Decisions were adopted.²⁸

The Minister's letter of 28 March 2014

11.12 Prompted by the EEAS Strategic Review, the Minister reported that the Mission was now delivering against its mandate. The President's support had been instrumental in directing how different ministries and services should work with EUCAP to implement reforms. Training activities were currently working well. EUCAP had been praised by third countries, including the US, for its work in co-ordinating wider international action in Niger. And the mission was seeking to build sustainability into its activity by creating a training cycle within the services, including a pool of mission-trained Nigerien personnel guaranteed to stay in post as trainers for a period of years. However, there was more to do: Niger remained a fragile democracy in an increasingly volatile region; it is prone to the criminal smuggling of weapons, drugs and weapons; problems in Mali had spilled over into Niger; in Nigeria to the south, Boko Haram's campaign of violence continued; while to the north, Libya remained volatile and its border with Niger porous. Nigerien elections were due in 2015-16, and a visible EU presence at least until then would increase the chances of a smooth poll.

11.13 The Minister also provided a meaningful insight into the *limité* EEAS Strategic Review: it recommended extending the mandate for a further two years from 17 July, with the Mission being roughly the same size, retaining its current structure and costing a similar amount to now, with some small changes to the current tasks (for full details, see our Report of 9 April 2014).²⁹

28 See (35390) —: Nineteenth Report HC-xviii (2013–14), [chapter 16](#) (30 October 2013).

29 See (35390) —: Forty-sixth Report HC 83-xli (2013–14), [chapter 13](#) (9 April 2014).

The draft Council Decision

11.14 This draft Council Decision extends the mandate for two years to July 2016, with a budget covering the period July 2014 to July 2015.

The Government's view

11.15 In his Explanatory Memorandum of 4 July 2014, the Minister says since its launch in 2012, EUCAP Sahel Niger has trained over 2,500 members of the security forces, armed forces, civil service and judiciary. He describes the mission's work on improving the services' human resource and forensic capabilities as having been particularly successful; likewise its work to co-ordinate EUCAP's activity with that of other international actors in Niger (the latter led by the UK secondee in the Mission).

11.16 The Minister confirms that the March 2014 Strategic Review proposed a number of changes to the Mission's future role, whilst retaining the same basic size, structure and overall purpose, which he outlines thus:

- increase its work on inter-operability and training programmes at the operational level, and do less at the top level where effect has been harder to measure;
- curtail the Liaison Officer slots in Mali and Mauritania, particularly in view of the creation of the civilian CSDP Mission in Mali; and
- increase its work in support of border management, including through an increased presence in northern Niger.

11.17 He continues as follows:

“Accordingly, the Mission's new mandate includes a number of amendments. The Liaison Officers in Mali and Mauritania have been trimmed, other job slots amalgamated and the associated savings used to expand staffing in other areas. Full details on staffing appear in paragraph 19 below.³⁰ There are also a number of technical changes and updates to reflect the situation in Niger two years on from the launch of EUCAP.

“The principal change to the Mission's remit is to extend its activity in the northern town of Agadez, which is seen as a hub for both legal and illegal trade in Niger and the wider Sahel. Some Member States were anxious that the EU should do more to secure Niger's borders and combat people-smuggling and -trafficking and other organised crime affecting the EU, particularly given that many of those transported ultimately found themselves in boats in the Mediterranean. After a tough negotiation Member States agreed that rather than establish a new office in Agadez (which would have been expensive, prone to security risks and of questionable overall value), the Mission should undertake more frequent visits to Agadez in order to bolster the successful collaboration with the *PC Mixte* (joint operations centres bringing together the main security actors) there”.

³⁰ The para number in the Minister's EM; in our case, see the “Personnel Costs” section of the annex to this chapter of our Report.

11.18 The Minister professes himself content with this outcome, and says that his officials have worked hard to contain the costs associated with the additional travel and staff required (see the annex to this chapter of our Report for the Minister’s detailed analysis).

Previous Committee Reports: None; but see (35390) —: Nineteenth Report HC-xviii (2013-14), [chapter 16](#) (30 October 2013) and Forty-sixth Report HC 83-xli (2013-14, [chapter 13](#) (9 April 2014).

Annex: The Minister’s detailed analysis of the 2014–15 Budget

“The UK managed to secure savings to the proposed Commission budget and a pro rata overall decrease in the budget compared to last year despite the additions of 11 new staff; 4 new accommodation units to house the extra staff; the new work in Agadez; an increase in medical facilities; upgraded security; and functioning IT. A pro rata comparison of the new budget to the previous budget is set out below (in euros).

Budget heading	Current budget (8,5 months)	Current budget (pro rata per 12 months)	Budget (July 2014-July 2015) (12 months)
1. Personnel costs	3,245,136	4,581,368	5,172,170
2. Missions	217,275	306,742	322,120
3. Running expenditure	1,243,541	1,755,588	1,858,323
4. Capital expenditure	747,650	1,055,505	638,853
5. Representation	3,400	4,800	9,600
6. Projects	850,156	1,200,220	974,440
Sub-total (1-6)	6,307,158	8,904,223	8,975,506
Contingencies	192,842	272,247	179,494
Total	6,500,000	9,176,470	9,155,000

“Personnel Costs: €5,172,170

“Personnel costs have increased by €590,802. The mission is no longer employing Liaison Officers in Mali and Mauritania. However, the number of seconded experts will increase by 7, to include experts in border management, training policy, policing, evaluation and security, and a post to coordinate activities in the north.

“In addition, a contracted Security Analyst has been added and the number of local staff will be increased by 6. This increase in staffing numbers is partly due to the reinforcement of activity in northern Niger and I believe this increase in numbers is reasonable, given the expansion in activity and the impact this activity is expected to have.

“Mission Costs: €322,120

“Mission costs have increased by €15,378. This budget line pays for the costs of travel to Brussels, within the region and within Niger, particularly the costs of experts travelling to Agadez for training activities.

“Running Costs: €1,858,323

“This budget line has increased by €102,735. This covers vehicle running costs, including vehicle rental in Agadez. This also covers IT and communication costs, which includes internet and web services for EUCAP’s headquarters and staff accommodation, rental costs of office and accommodation, administrative costs, staff training, as well as security, medical and welfare services.

“Capital Expenditure: €638,853

“Capital costs have decreased by €416,652. Now that the mission is set up, there is less need for costly capital expenditure. However, the mission has budgeted for a certain amount of IT equipment, security equipment and medical kits.

“Representation Costs: €9,600

“Representation costs have doubled. The amount previously budgeted to represent the mission had not been sufficient and has been raised to €800 a month.

“Project Costs: €974,440

“Project costs have decreased by €225,780. This budget line covers 16 projects which complement the mission’s training activities. Examples of projects include refurbishing and equipping the Gendarmerie’s Operational Centre in Agadez, renovating and equipping the *PC Mixtes* in Dosso, Maradi and Zinder, preparation of training materials and support to the Ministry of Justice to strengthen the penal chain.

“Contingencies: €179,494

“Contingency costs have reduced by €92,753, but will only be used with prior written approval of the Commission.”

12 Common Foreign and Security Policy, including Common Security and Defence Policy

Committee’s assessment

Politically important

[Committee’s decision](#)

Cleared from scrutiny; drawn to the attention of the Foreign Affairs Committee

Document details

High Representative’s Annual Report: Main Aspects and Basic Choices of CFSP 2013

Legal base

—

Department

Foreign and Commonwealth Office

Summary and Committee’s conclusions

12.1 Under Article 36 TEU (previously Article 21 TEU), the European Parliament is to be consulted regularly by the High Representative of the Union for Foreign Affairs and Security Policy/Vice President of the Commission (HR/VP) Baroness Ashton, on the main aspects and basic choices of the EU’s Common Foreign and Security Policy (CFSP) and Common Security and Defence Policy (CSDP); to be kept informed of how these policies evolve; and to have its views “duly taken into account”.

12.2 Thus the Inter-Institutional Agreement (IIA) of 2 December 2013, part II, point E, paragraph 25, provides that, each year, the High Representative shall consult the European Parliament on a forward-looking document, which will set out the main aspects and basic choices of the CFSP, including the financial implications for the general budget of the European Union, an evaluation of the measures launched in the year n-1 and an assessment of the coordination and complementarity of CFSP with the Union's other external financial instruments.

The 2013 Report

12.3 The report is (as normal) a non-binding report that seeks to summarise the main Common Foreign and Security Policy (CFSP) and Common Security and Defence Policy (CSDP) activities for the year 2013.

12.4 This Council report describes the main CFSP decisions and activities undertaken in 2013 by EU Member States, and by the EEAS on their behalf. It has been agreed by the Political and Security Committee,³¹ and is due to be noted at the July Foreign Affairs Council.

12.5 Part One, Looking Back at 2013, is divided into six sections:

- Overview of Activities by Regions;
- Addressing Threats and Global Challenges;
- Contribution to a More Effective Multilateral Order;
- Support to Democracy, Human Rights, International Humanitarian Law and the Rule of Law;
- Comprehensive Approach, Conflict Prevention, Mediation and Crisis Response; and
- Common Security and Defence Policy.

12.6 Part Two is focussed on looking ahead to 2014. In addition, there are five annexes: Annex I gives an overview of CFSP legal acts concerning restrictive measures in 2013; Annex II sets out the appearances of the High Representative/Vice-President before the European Parliament in 2013; Annex III details the appearances of Senior EEAS Representatives before the European Parliament in 2013; Annex IV details the CFSP budget for 2013; and Annex V lists the Statements and Declarations that were made in 2013.

12.7 The Committee, and thus the House, is familiar with much of the content of this Report via the legislative actions and accompanying Explanatory Memoranda submitted to it by the Foreign and Commonwealth Office. Nonetheless, we consider

³¹ PSC; the committee of ambassador-level officials from national delegations who, by virtue of article 38 TEU, under the authority of the High Representative for Foreign Affairs and Security Policy (HR) and the Council, monitor the international situation in areas covered by the CFSP and exercise political control and strategic direction of crisis management operations, as set out in article 43 TEU.

that this comprehensive annual overview continues to warrant reporting to the House, illustrating as it does the breadth of EU CFSP and CSDP activity. We are grateful to the Minister for Europe (Mr David Lidington) for his helpful summary.

12.8 As noted above, the report emanates from the right of the European Parliament to be informed and consulted about EU CFSP and CSDP activity. But it is the Member States who remain in charge. The December 2013 European Council Conclusions, which were the outcome of the first occasion since the entry into force of the Lisbon Treaty upon which the European Council held a thematic debate on defence, set the framework for 2014 and beyond.

12.9 With regard to the EU's Common Security and Defence Policy (CSDP), the Conclusions said that it will “continue to develop in full complementarity with NATO in the agreed framework of the strategic partnership between the EU and NATO and in compliance with the decision-making autonomy and procedures of each”.

12.10 With regard to CFSP, the Council refers to “the EU's unique ability to combine, in a consistent manner, policies and tools ranging from diplomacy, security and defence to finance, trade, development and justice”, and sees further improving the efficiency and effectiveness of the EU Comprehensive Approach, including as it applies to EU crisis management, as a priority.³²

12.11 The Council also reaffirms the EU's full commitment to working in close collaboration with its global, transatlantic and regional partners, in a spirit of mutual reinforcement and complementarity; and emphasises the importance of supporting partner countries and regional organisations, through providing training, advice, equipment and resources where appropriate, so that they can increasingly prevent or manage crises by themselves. The Council also invited the Member States, the High Representative and the Commission to ensure the greatest possible coherence between the Union's and Member States' actions to this effect.

12.12 We continue to see the EEAS' role as being to support and complement the FCO's efforts to advance British international objectives, focusing on issues where its intervention and Europe acting collectively can make a real difference — in support of national efforts — to the prosperity and security of both the UK and Europe, and properly respecting the role of the Member States. The immediate challenge is to ensure that this is achieved with regard to the proposed Council Directive on consular protection for citizens of the Union abroad.³³

12.13 In November, a new High Representative will be appointed. One of the outstanding issues that will then need to be resolved concerns whether, post-Lisbon, the EU Special Representative (EUSR) as a “concept” is to be continued or (as the EU High Representative has proposed) absorbed into the EEAS — the consequence being that Member States would no longer be able to approve the mandates of what are effectively the Council's special envoys to a variety of trouble spots affecting EU and national

32 For the full text of the Council Conclusions on the Comprehensive Approach, see pp17-21 at http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/142563.pdf

33 See (33569), 18821/11: Fifth Report HC 219-v (2014–15), [chapter 6](#) (2 July 2014).

interests, or the job holder. Instead, such “special envoys” would effectively represent the High Representative/EEAS, and not the Member States through the Council. Once that new HR has been appointed, in November 2013, we have already asked the Minister to write (no later than mid-January 2015 and sooner if appropriate) with his own thoughts on the February 2015 round of mandate renewals and his assessment of the likely way forward for the EUSR concept as a whole. In the meantime, the Committee again endorses what the Minister has said thus far about the need for Member States to retain at least their present degree of control over the establishment of each position, the mandate and the job-holder.

12.14 As the Minister will recall, both this Committee and its predecessor have long argued the case for shifting from activity analysis of CSDP missions to assessing outcomes and value for money. We accordingly welcome his and his officials’ sustained focus on value for money and results on the ground, and look forward to seeing this continuing to be reflected in future submissions on current and future missions.

12.15 We have continued our discussions with the Minister about the “upstream” scrutiny of CFSP and CSDP — i.e., the points at which policy decisions are taken that then result in the legislative actions that are submitted for scrutiny — as part of our inquiry on European Scrutiny in the House. We have referred on previous occasions to the assurance given in May 2008 by the previous Foreign Secretary, that the Government was “committed to the principle of upstream scrutiny”, his recognition “that, for scrutiny to be effective, your Committee needs to be able to examine the EU policy-making process at the earliest possible stage”, and his support for “being as open as possible regarding the context of the Conclusions and the general position that the UK will be taking in Council”.³⁴

12.16 We acknowledge in particular the Minister’s endeavours to keep the Committee informed about prospective CSDP missions, and also the difficulty of complying with scrutiny requirements in the case of EU restrictive measures in fast-moving situations (such as the Ukraine crisis) and where the need to prevent pre-emptive action by those concerned has to be given priority (e.g., asset freezes). However, bearing in mind the need to avoid the Committee being presented with any of the “surprises” that its predecessor said, in 2009, should be avoided, there remain areas of continuing concern, which we shall be discussing with the Minister at an evidence session on 16 July.

12.17 We now clear the High Representative’s report.

Full details of the document: Main aspects and basic choices of the CFSP (Part II, point E, paragraph 25 of the Inter-institutional Agreement of 2 December 2013) — Draft Annual report from the High Representative of the European Union for Foreign Affairs and Security Policy to the European Parliament: (36178), —.

³⁴ That discussion is set out fully in the previous Committee’s Report on the 2008 CFSP Report: see (30691) 10665/09: Twenty-third Report HC 19-xxi (2008–09), [chapter 7](#) (24 June 2009).

Background

12.18 In its introduction, the report describes 2013 as a significant year for the EU's Common Foreign and Security Policy (CFSP). It says that the European External Action Service (EEAS), led by the High Representative of the Union for Foreign Affairs and Security Policy/Vice President of the Commission (HR/VP) Catherine Ashton, “played a substantial role in two landmark diplomatic breakthroughs: the Belgrade-Pristina agreement and an agreement with Iran on a Joint Plan of Action on its nuclear programme”. The EU used its range of tools — CFSP and non-CFSP — “to tackle crises in a comprehensive way and to alleviate their impact on the countries concerned and on Europe”, underpinning its diplomacy through new and existing Common Security and Defence Policy (CSDP) missions on the ground and through development aid for those in need, working closely with our international, regional and local partners.

12.19 The introduction goes on to note that:

“Throughout the year, the EU endeavoured to maintain a genuinely global reach by supporting peace, democracy, the rule of law and human rights. Whether it be helping Europe's immediate neighbours in Eastern Europe, the Middle East and North Africa, helping stabilise the Horn of Africa or supporting the democratic transition in Myanmar/Burma, we played a positive and constructive international role. In Syria, we were the largest donor and worked to support UN mediation efforts. Around the world, from Jordan, Kenya to Pakistan, the EU sent observers to elections to promote the spread of democracy. To ensure aim at wider effectiveness in meeting current threats and challenges, we intensified as much as possible cooperation with our regional and strategic partners. The EU's contribution to global peace and security is apparent in a number of areas. First, we are directly involved in — and indeed often lead — international peace negotiations on behalf of the international community, for example between Belgrade and Pristina and in the Iran nuclear talks. Second, we can assemble a wide range of tools — such as diplomacy, civil and military missions, economic tools — to tackle important foreign policy challenges using what we call the ‘comprehensive approach’. The EU has the instruments — and in sufficient strength — to make a credible impact such as in Somalia and the Horn of Africa. Third, we work closely with — and materially support — international and regional partners to deal with regional challenges where only collective efforts can deliver results, such as climate change and disaster relief.”

12.20 The report also notes that:

“despite the economic difficulties Europe has experienced, the EU did not succumb to the temptation to turn inwards. Instead the HR, the Commission, the 28 Member States and the European Parliament worked together to keep the EU visible, credible and relevant in a turbulent world. Two new CSDP missions were launched in 2013: EU Training Mission in Mali to train Malian armed forces and EU Border Assistance Mission in Libya to build the capacity of Libyan government to manage its land, air and sea borders.”

12.21 The report also sees “change in our strategic environment and rising demands” as having given “a push to accelerate the development of Common Security and Defence Policy”, noting that:

“The December 2013 European Council made the point that defence matters and in its conclusions gave several taskings to ensure progress in this field, ranging from defence industry to capability development projects to the financing arrangements for crisis management.”³⁵

12.22 Finally, the introduction highlights the July 2103 EEAS Review, which:

“saw that the EEAS had developed into a modern and operational foreign policy service, equipped to promote EU interests and values. However, the Review process also identified a number of issues where further work is necessary in order to make the HR/VP and the service more effective in the future.”

The Minister’s Explanatory Memorandum of 2 July 2014

12.23 The Minister recalls in his Explanatory Memorandum of 23 August 2012 on the 2012 Report:

“I made a statement that the UK intends to utilise the collective weight of the EU through the EEAS to achieve the UK’s foreign policy objectives. Although the landscape of foreign policy in 2013 was constantly shifting, the UK acted decisively in coordination with EU Member States and Institutions to achieve some notable successes in line with UK objectives. These included the progress made in nuclear talks with Iran, and returning the decision on whether to send arms to the moderate opposition in Syria to Member States.”

12.24 The Minister says that, as the report is nearly 200 pages, he has summarised areas of interest and primacy, as follows:

Southern Neighbourhood, Middle East Peace Process and Arabian Peninsula

“The report analyses the developments that have occurred in the Southern Neighbourhood, the Middle East, and the Arabian Peninsula over the last year. The report points to progress made in some areas, such as on the nuclear talks with Iran, and positive developments in Tunisia, and stresses the difficulties the region still faces, in particular Syria, the Middle East Peace Process, and Egypt. Notwithstanding these difficulties, the EU continued to support the transition to democracy in the countries in the Southern Neighbourhood.

35 For the relevant Council Conclusions, see pp1-11 at http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ec/140245.pdf

Iran

“The report notes the role played by the High Representative and the EEAS, who have continued to co-ordinate the E3+3 (UK, France, Germany and China, Russia and the United States) position in negotiations. The UK is playing a significant role in these negotiations. Iran and the E3+3 re-launched nuclear talks in September, following the election of President Rouhani on 14 June 2013. An interim six-month agreement, the Joint Plan of Action, was agreed on 24 November 2013. Implementation of the Joint Plan of Action, including limited EU sanctions relief, began on 20 January 2014, marked by a decision of the EU Council.

“In return for taking restrictive measures on its nuclear programme, Iran was granted limited sanctions relief, though the bulk of EU, US and UN sanctions remain on Iran. This interim agreement has created the opportunity for negotiations with Iran on a comprehensive nuclear deal. Intensive negotiations continue with the aim of reaching agreement by 20 July, when the interim deal expires (although the Joint Plan of Action can be rolled over for a further six months, with mutual consent).

Syria

“The situation in Syria further deteriorated over the course of 2013. Fighting intensified, including between rebel groups and al-Qaeda affiliated groups; chemical weapons were used by the Assad regime; and the humanitarian situation worsened. By the end of 2013, an estimated 100,000 people had died, and the number of refugees was over 2 million. Politically, the EU supported the efforts of the UN and worked closely with the UN-League of Arab States envoy Lakhdar Brahimi. The EU supported the diplomatic efforts on chemical weapons, led by Russia and the US, to agree the destruction of the Assad regime’s stockpiles, and provided financial and logistical assistance to the UN and the Organisation for the Prohibition of Chemical Weapons. The EU was the largest donor of humanitarian and development aid, including supporting refugees. The EU also continued to support Lebanon in dealing with the massive influx of refugees from Syria.

“In April, the Foreign Affairs Council amended the oil and banking restrictions on Syria to exempt the National Coalition from its provisions, allowing it to generate funds for civilians and the political opposition. The sanctions package was renewed in May, with the exception of the arms embargo. The UK successfully pushed through a change returning decisions on whether to send arms to the moderate opposition in Syria to EU Member States, with agreed safeguards. In December, the EU amended the derogation allowing frozen regime funds to be unfrozen for humanitarian assistance, ensuring such funds could only be released to the UN Syria appeals.

Middle East Peace Process

“The EU continued to prioritise the Middle East Peace Process, supporting the US efforts which led to the resumption of direct negotiations between the Israelis and Palestinians in July. In December, the EU put forward an offer of an unprecedented

package of political, economic and security support to both parties in the event of a final status deal.

Egypt

“The section on Egypt details the contacts the High Representative had with Egyptian leaders in 2013, both before and after the removal from office of the previous President, Mr Morsi, on 3 July. Baroness Ashton was the only non-Egyptian leader to be allowed to meet Mr Morsi in prison.

“An extraordinary Foreign Affairs Council meeting on 21 August 2013 adopted Conclusions that condemned the violence and called for an end to the state of emergency, the release of political prisoners, restoration of the democratic process and respect for human rights. The EU was invited by the interim government to observe the constitutional referendum and sent a team of senior election experts to the poll, which was held on 14-15 January 2014.

Russia, Eastern Neighbourhood and Central Asia

“The Vilnius Summit on the Eastern Partnership on 28-29 November was overshadowed by then President Yanukovich’s decision not to sign the EU-Ukraine Association Agreement including a Deep and Comprehensive Free Trade Area. This triggered significant protests within Ukraine, and in 2014 President Yanukovich fled the country and a government of national unity was formed. Developments within Ukraine, including Russia’s illegal annexation of Crimea led to a re-assessment of the EU’s relationship with Russia, and, more generally, the EU’s policy in the Eastern Neighbourhood. The Vilnius Summit did, however, see the initialling of the Association Agreements, including Deep and Comprehensive Free Trade Areas, with Georgia and the Republic of Moldova. A Visa Facilitation Agreement was also signed with Azerbaijan, a Framework Agreement for Participation in CSDP missions with Georgia, and the EU initialled a Common Aviation Area Agreement with Ukraine.

Western Balkans

“Two major achievements in the region were Croatia joining the European Union on 1 July, and the EU-facilitated Serbia-Kosovo Agreement in April 2013, in which Baroness Ashton played a crucial role, leading a series of Dialogue meetings between the Prime Ministers of Serbia and Kosovo. Following the Agreement, the two sides worked intensively to implement it. In recognition of the progress made, accession negotiations with Serbia were opened in June, and a date for the formal launch of negotiations agreed in December. Similarly, negotiations on a Stabilisation and Association Agreement with Kosovo started in October, following the adoption of a negotiating mandate by the Council in June.

“Progress towards long-term political stability in Bosnia and Herzegovina has stalled, with their political leaders failing to find a political agreement on the implementation of the European Court on Human Right’s ruling in the Sejdić/Finci case, or to implement other reforms.

Turkey and Western Europe

“The EU continued to work closely on a number of issues with Turkey, recognising its important role with respect to Syria, in particular its provision of support to people fleeing the conflict, as well as its role in the wider region. In addition, the EU continued to press Turkey to support the negotiations on the settlement in Cyprus. As a candidate country, the Council reaffirmed the importance it attaches to relations with Turkey and called for the regained momentum in the accession negotiations to be sustained.

“The EU was concerned about the excessive use of force by police and the overall absence of dialogue during the protests in May and June 2013, and made statements to that effect.

“The major development with the non-EU Western European countries was Iceland putting on hold its accession negotiations in May 2013. In the CFSP area, cooperation deepened with cooperation provided by Norway and Switzerland in particular on a number of CSDP missions, including EULEX Kosovo, EUNAVFOR ATALANTA and EUFOR Althea.

Asia and the Pacific

“Developments in Asia were marked by a significant improvement in the political situation in Burma. The EU supported the reforms in Burma which, following improvements in the situation, led to the lifting of virtually all restrictive measures. The EU adopted the Comprehensive Framework for its policy and support to Burma, which identifies the EU’s goals and priorities until 2015. In addition, Nobel Peace Prize laureate Aung San Suu Kyi collected the 1990 Sakharov Prize for Freedom of Thought at the European Parliament in October.

“In contrast, developments in the Democratic People’s Republic of Korea (DPRK) continued to pose serious concerns, both with regard to proliferation matters and human rights violations. The EU raised these issues at every opportunity both bilaterally and in multilateral fora. The EU condemned the DPRK’s third nuclear test in February 2013 and transposed the new set of UN Security Council sanctions approved in March. The EU co-initiated with Japan a resolution in the UN Human Rights Council establishing a Commission of inquiry on human rights in the DPRK, which issued its final report in February 2014.

“In China, 2013 marked the completion of the Chinese leadership transition. The EU established links with the new administration, and agreed the EU-China 2020 Strategic Agenda for Cooperation, which focuses especially on strategic issues, investment, innovation, urbanisation, climate change and environmental protection, people-to-people exchanges as well as defence and security matters. The trade in goods and services between the EU and China reached almost half a trillion euros in value in 2013, not far from the current value of EU trade in goods with the United States. The EU continued to raise human rights issues with China.

Africa

“Following the attack by terrorist groups in Mali, the EU provided crucial support, including to those African countries providing troops for the UN-African Union mandated African-led International Support Mission to Mali (AFISMA). The EU launched a military Training Mission, EUTM Mali, which trained four battalions of the Malian armed forces in 2013.

“In addition, under the African Peace Facility, the EU continued to provide significant financial support to the African Union Mission in Somalia (AMISOM). The EU continued to actively implement its Strategic Framework for the Horn of Africa.

“The deteriorating security, political and humanitarian situation in the Central African Republic was a cause for concern. The EU and its Member States quadrupled their humanitarian assistance to the Central African Republic in 2013 compared to the previous year, working closely with the UN and other agencies to maximize assistance on the ground.

“The EU stepped up its activities and presence in Somalia, with a more direct engagement with the Somali Federal Government and regional authorities, including hosting a high-level conference, at which the international community endorsed the Somali Compact and pledged 1.8 billion euros to support its implementation. The Compact includes a political roadmap to federalise Somalia and prepare elections in 2016, priorities and strategic plans to develop the Somali security sector.

“EUCAP SAHEL Niger successfully finalised its full establishment and a Status of Mission Agreement was signed on July 30. The EU naval operation EUNAVFOR ATALANTA continued to lead the international fight against piracy, alongside NATO’s Operation Ocean Shield. In 2013, there were fewer than 10 attacks off the Somali coast, with no merchant ship subject to piracy. The EU Mission on Regional Maritime Capacity Building in the Horn of Africa (EUCAP Nestor), which was launched in 2012, carried out activities in 2013 in Djibouti, where it has its headquarters, Somalia, Tanzania and Seychelles. EUTM Somalia’s mandate was extended, and transitioned to Mogadishu from its Uganda base, beginning new military training and advisory activity to strengthen Somali operational and strategic-level capacity.

Americas

“The EU-US relationship continues to be crucial, both in terms of the direct relationship, and also the close cooperation that exists on other issues, such as Syria, Iran, Afghanistan, and Kosovo. Negotiations of the Transatlantic Trade and Investment Partnership were launched in June 2013. Following revelations of surveillance activities by the National Security Agency, an *ad hoc* EU-US working group on data protection was established. The EU-Canada relationship remains a priority. The two sides are continuing negotiations on the Comprehensive Economic and Trade Agreement (CETA) and the Strategic Partnership Agreement (SPA). The EU-CELAC Summit held in Santiago in January 2013 provided an opportunity for

contacts at the highest political level between EU and many Latin and Central American states.

CSDP

“The report focuses on the current horizontal issues, which featured heavily in the December European Council on security and defence.

“The Council committed to enhancing the effectiveness of CSDP in contributing to international crisis resolution and management. As part of the agenda on effectiveness, the Council stressed the need, and is working on plans, to enhance the development of both civilian and military capabilities, introduce new procedures and rules to enable more flexibility and more rapid deployment of missions, and new procedures for the political supervision of the CFSP budget, allowing for greater priority setting. 2013 has also seen a reinforcement of the system for learning lessons on CSDP, with a working group at expert level and a peer review process put in place. The EU has also shown its commitment to working with partners: there are now 11 non-EU countries participating in CSDP missions; cooperation with Eastern partnership countries has intensified, and the EU is cooperating closely with NATO ahead of the NATO Summit in September 2014. Finally, the EU has been making steady progress on its comprehensive approach to its external actions.

“2013 saw the launch of the EU Border Assistance Mission in Libya (EUBAM Libya). This mission is providing training and advice to Libyan authorities aimed at building the capacity of Libyan government to manage its land, air and sea borders. Two missions also closed: The EU Integrated Rule of Law Mission for Iraq (EUJUST LEX-Iraq) was closed on 31 December 2013 having provided training, mentoring, monitoring and advising to 7000 officials of Iraq’s criminal justice system, and, in October 2013, it was decided not to renew the mandate of EUAVSEC South Sudan. During 2013, preparations were ongoing to close EUPOL DRC in September 2014, while preserving and maintaining the achievements of the missions with a long-term package of activities, conducted in partnership with the DRC authorities, using available EU instruments and resources.

“The EU Police Mission in Afghanistan (EUPOL Afghanistan) continued to support Afghan counterparts, in close cooperation with international partners. The draw-down of the international military presence in Afghanistan led to the reduction of EUPOL’s presence outside Kabul. In 2013, work was also ongoing on plans to downsize EULEX Kosovo — the number of staff will decrease from 1250 to 800 by October 2014 and it will increase its focus on the north of the country. Mandate renewals took place for EUMM Georgia, EUCAP Nestor in the Horn of Africa, EUCAP Sahel Niger and the two missions in Palestine, EUPOL COPPS and EUBAM Rafah.”

Previous Committee Reports: None, but see: (35266), —: Thirteenth Report HC 83-xiii (2013–14), chapter 49 (4 September 2013).

13 Eurozone: Commission Report

Committee's assessment	Politically important
<u>Committee's decision</u>	Cleared from scrutiny
Document details	(a) Draft Council Decision to allow Lithuania to adopt the euro (b) Consequential draft Council Regulation to amend the Regulation governing adopting the euro (c) Commission Report on progress of Member States towards adopting the euro
Legal base	(a) Article 140(2) TFEU, —, QMV of eurozone Member States (b) Article 140(3) TFEU, —, unanimity amongst eurozone Member States (c) —
Department	HM Treasury

Summary and Committee's conclusions

13.1 In its latest Convergence Report about the readiness of eight Member States to adopt the euro, the Commission finds that only Lithuania is fully compliant with the requirements. In the light of this finding, and a similar one by the European Central Bank, the Commission has presented a draft Council Decision to allow Lithuania to adopt the euro from 1 January 2015. It has also presented a consequential draft Council Regulation to amend the Regulation governing introduction of the euro in Member States. There is no role for the UK in this process and the Government says that there are no direct policy implications for the UK.

13.2 Whilst clearing these documents we draw this further expansion of the eurozone to the attention of the House.

Full details of the documents: (a) Draft Council Decision on the adoption by Lithuania of the euro on 1 January 2015: (36111), [10597/14](#), COM(14) 324; (b) Draft Council Regulation amending Regulation (EC) No. 974/98 as regards the introduction of the euro in Lithuania: (36112), [10599/14](#), + ADD 1, COM(14) 325; (c) Commission Report: *Convergence Report 2014* (prepared in accordance with Article 140(1) of the Treaty on the Functioning of the European Union: (36113), [10604/14](#), + ADD 1, COM(14) 326.

Background

13.3 Article 140(1) TFEU requires that at least once every two years, or at the request of a Member State outside the eurozone, the Commission and the European Central Bank report to the Council on the progress by Member States in fulfilling the convergence criteria for adopting the euro. The Commission's Convergence Report 2014, document (c), covers eight Member States that are not part of the eurozone: Bulgaria, the Czech Republic,

Croatia, Lithuania, Hungary, Poland, Romania and Sweden. It does not cover the UK and Denmark because of their opt-outs.

13.4 The Commission examines the extent to which each of the eight Member States fulfils the convergence criteria, which relate to price stability, soundness and sustainability of public finances, exchange rate stability and convergence of long-term interest rates. It concludes that Lithuania is the only Member State that meets all the convergence criteria. The table below summarises fulfilment of the criteria by the eight Member States:

Convergence Criteria	Legislation	Price stability	Budget deficit	Gen gov. debt	ERM II	Long-term interest rates
Bulgaria		✓	✓	✓		✓
Czech Rep.		✓	✓*	✓		✓
Croatia	✓	✓				✓
Lithuania	✓	✓	✓	✓	✓	✓
Hungary		✓	✓			✓
Poland		✓		✓		✓
Romania			✓	✓		✓
Sweden		✓	✓	✓		✓

*The Czech Republic meets the budget deficit criterion but is yet to exit the excessive deficit procedure.

13.5 The Report is accompanied by a Commission staff working document which provides in-depth analysis on Member States' fulfilment of the convergence criteria and is the basis for the Report.

13.6 On the basis of its Convergence Report and a Convergence Report of the European Central Bank, the Commission proposes a Council Decision, document (a), to allow Lithuania to adopt the euro on 1 January 2015.

13.7 Regulation (EC) No. 974/98 governs the introduction of the euro in Member States. In the event that the Council adopts the draft Council Decision, a reference to Lithuania needs to be added to the Regulation in order for it also to be covered by the Regulation. So the Commission presents also a draft amending Regulation, document (b). The Annex to the Regulation lists the participating Member States and defines the euro adoption date, the cash changeover date, and the, optional, "phasing-out" period of the national currency for all these Member States. The draft Regulation would add Lithuania and the following relevant data for this Member State to the Annex to Regulation (EC) No. 974/98.

Member State	Euro adoption date	Cash changeover date	Phasing out period
Lithuania	1 January 2015	1 January 2015	No

The Government's view

13.8 In her Explanatory Memorandum of 23 June the Financial Secretary to the Treasury (Nicky Morgan) says that these proposals, on which she notes the Government does not have a vote, have no direct policy implications for the UK.

Previous Committee Reports

None.

14 European Central Bank: sanctions

Committee's assessment	Politically important
<u>Committee's decision</u>	Cleared from scrutiny
Document details	Draft Council Regulation about European Central Bank sanctioning powers in relation to the Single Supervisory Mechanism
Legal base	Article 129(4) TFEU; consultation; QMV
Department	HM Treasury

Summary and Committee's conclusions

14.1 There are inconsistencies between the 1998 Regulation establishing the European Central Bank's general power to impose sanctions on credit institutions and the specific sanctioning power it is given in the 2013 Regulation establishing its supervisory role in relation to the Banking Union's Single Supervisory Mechanism.

14.2 **As the Government emphasises to us, the proposal will have no impact for the UK. Nevertheless, while clearing it from scrutiny, we draw it to the attention of the House, as a further development in establishing the Single Supervisory Mechanism.**

Full details of the documents: Draft Regulation amending Regulation (EC) No. 2532/98 concerning the powers of the European Central Bank to impose sanctions (ECB/2014/19): (36125), [10896/14](#), —.

Background

14.3 Regulation (EC) No. 2532/98 sets out the power of the European Central Bank (ECB) to impose sanctions on credit institutions. Regulation (EU) No. 1024/2013, which established the ECB's supervisory role in the context of the Banking Union's Single Supervisory Mechanism (SSM), extended its powers to impose sanctions on credit institutions, as part of its responsibility to provide prudential supervision of credit institutions in the eurozone.

14.4 Regulation (EU) No. 1024/2013 provides that where a credit institution intentionally or negligently breaches the SSM rules, the ECB may impose fines of up to twice the amount of the profits gained or losses avoided due to the breach where those can be determined, or up to 10% of total annual turnover. The agreed principles and procedures for imposing these administrative penalties are set out in the Regulation and in Regulation (EU) No. [XX]/2014 (ECB/2014/17) (yet to be published in the Official Journal) of the ECB. Where

the undertaking is a subsidiary of a parent undertaking, the relevant total annual turnover shall be the total annual turnover resulting from the most recently available consolidated annual financial accounts of the ultimate parent undertaking in the group supervised by the ECB.

14.5 In applying these rules, the ECB is required to apply all relevant EU law. Where this includes Directives the ECB should use the national legislation transposing those Directives. Where this includes Regulations, and those Regulations grant options for Member States, the ECB should also apply the national legislation exercising those options. The ECB also needs to comply with the procedures set out in Regulation (EC) No. 2532/98.

14.6 In order for the ECB to effectively perform its supervisory tasks, it is important that it has a coherent regime for imposing administrative penalties. Some of the rules contained in Regulation (EC) No. 2532/98 (the ECB sanctions Regulation) differ from those laid down in the SSM Regulation. The main differences involve the upper limits to fines and periodic penalty payments and the limitation periods set out in the SSM Regulation.

14.7 The ECB therefore proposes the following changes to Regulation (EC) No. 2532/98:

- a revised Article 1a setting out some general principles applying to administrative penalties imposed by the ECB as part of its supervisory tasks and sanctions imposed as part of its non-supervisory tasks;
- new Articles 4a to 4c, detailing the regime applicable to administrative penalties imposed by the ECB as part of its supervisory tasks. This is to achieve some differentiation between the regime applying the ECB imposing administrative penalties as part of its supervisory duty and the sanctions that the ECB can impose as part of its non-supervisory tasks. This would ensure that there is a single regime under which the ECB could impose administrative penalties under its supervisory role; and
- additional amendments to the principle and procedures for imposing sanctions in Articles 2-4 of Regulation (EC) No. 2532/98, to ensure that they are compatible with the principles and procedures governing the imposition of administrative penalties by the ECB as part of its supervisory role set out in the SSM Regulation.

The Government's view

14.8 In her Explanatory Memorandum of 30 June 2014 the Financial Secretary to the Treasury (Nicky Morgan), noting that the proposal is to consolidate the ECB's existing rules for applying sanctions, merely comments that the ECB does not have the power to sanction UK-based natural or legal persons under the terms of the UK's EMU Protocol and relevant secondary legislation.

Previous Committee Reports

None.

15 European Investigation Order

Committee's assessment	Legally and politically important
<u>Committee's decision</u>	Cleared from scrutiny
Document details	Draft Directive on the European investigation order in criminal matters – Text agreed as general approach
Legal base	Article 82(1)(a) TFEU
Department	Home Office

Summary and Committee's conclusions

15.1 The European Investigation Order (EIO) will enable the judicial authorities of one Member State to request that evidence be obtained in another Member State (the issuing Member State) for the purposes of criminal investigation. In accordance with the principle of mutual recognition, the request must, in principle, be accepted and acted upon by the receiving Member State without further formality, subject to a limited number of exceptions. The EIO replaces existing mutual legal assistance instruments, the most important of which is the 2000 EU Mutual Legal Assistance Convention. The EIO has already been highlighted by the Committee as the most significant Justice and Home Affairs measure which the Government has opted into since the Lisbon Treaty came into force.

15.2 The document currently held under scrutiny is the text agreed as a general approach by the Council. It was recommended for debate “as soon as possible” on 6 November 2013. However, before such debate could take place the EIO was agreed in the Council 14 March and formally adopted on 3 April as Directive 2014/41. The UK abstained, thus avoiding a scrutiny override.

15.3 In its Report of 19 March 2014, the Committee rescinded the recommendation for debate and invited the Home Secretary to give evidence to explain her Department's approach, the operation of the EIO, and the fact that the Committee only received a public version of the text three days before it was agreed by the Council.

15.4 The Home Secretary gave oral evidence on 30 April 2014³⁶ and provided further written clarification by letter dated 24 June 2014. The significant aspects are outlined below.

15.5 As the Directive regarding the European Investigation Order in criminal matters has now been adopted, we clear this matter. Given its importance we draw it to the attention of the House, and in particular the following aspects:

- **Whilst there is some protection against frivolous or disproportionate requests for evidence, a matter which has bedevilled the operation of the European**

36 <http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/european-scrutiny-committee/european-investigation-order/oral/9170.html>

Arrest Warrant, the requesting Member State may ultimately decide whether or not to pursue a request for evidence, with the attendant costs falling on the requested Member State.

- **The Government did not succeed in limiting the scope of the EIO to matters which are criminal offences in both the issuing and receiving Member States — “dual criminality”. The exceptions to the principle of dual criminality are those applicable to the European Arrest Warrant.**

15.6 The scrutiny of this important legislation by the House has been impeded by the failure to arrange a timely debate and the unavailability of a public version of the agreed text. This is not consistent with the Government’s commitment “to strengthen its engagement with Parliament on all European Union business as part of our wider work to reduce the democratic deficit over EU matters”.

15.7 This case also demonstrates the importance of the Committee’s recommendation in its Report of 20 November last year on *Reforming the European Scrutiny System in the House of Commons*, that a scrutiny override should be considered to have occurred when the Government agrees or acquiesces in reaching consensus in Coreper on a document held under scrutiny or abstains on a vote. The Government response to this Report is already long overdue and we look forward to receiving it very soon.

Full details of the document: Draft Directive on the European Investigation Order in criminal matters — Text agreed as general approach: (33597), [18918/11](#), —.

Background

15.8 The European Investigation Order, Directive 2014/41, must be transposed into national law by Member States by 22 May 2017. It provides a new regime for obtaining evidence from other Member States. In principle the request from a judicial authority of one Member State (the issuing Member State), using a standard form, must be acted upon by the authorities of the receiving Member State without further formality. It can apply to evidence already obtained in the receiving Member State or require the evidence to be obtained. It can only be issued if the investigative measure would be available in the issuing Member State and if it is “necessary and proportionate”. The receiving Member State has a choice as to how the evidence is obtained.

15.9 The Directive includes a limited number of grounds for the receiving Member State to refuse the request, including: immunity or privilege from investigative action in the receiving Member State; harm to essential national security interests; breach of fundamental rights; or the alleged activity does not constitute a crime in the receiving Member State (dual criminality) — other than in respect of certain specified serious criminal activity. The costs of acting on a request are borne by the receiving Member State.

15.10 The EIO also makes provision for (a) the temporary transfer of persons in custody for the purpose of gathering evidence, (b) inquiry as to the bank accounts held by, and financial operations of, suspects (c) covert investigations and the interception of telecommunications and (d) provisional measures to preserve evidence.

The oral evidence session on 30 April 2014 and letter of 24 June 2014

15.11 In relation to the scrutiny process, the Home Secretary (Mrs Theresa May) explained, in her oral evidence, that the failure to schedule a timely debate in this matter was caused by the need to secure agreement across Government and a lack of a public version of the text, which the Government had urged the Council Presidency and Secretariat to produce. She indicated that this case was not indicative of the Government's overall policy in relation to debates in the House on European matters that are of particular concern to the Members of the House.³⁷

15.12 In response to the suggestion that this matter was as an example of the Government avoiding an override of parliamentary scrutiny by acquiescence in reaching consensus in Coreper and abstaining at the formal vote, the Home Secretary recognised that the Committee, in its Report on Reforming the European Scrutiny System in the House of Commons has recommended that both these circumstances should be regarded as an override,³⁸ but indicated that the Government will be responding fully and properly to this Report in due course.³⁹

15.13 In terms of the substance of the proposal, the Home Secretary pointed to progress in negotiations in requiring the issuing state to consider the proportionality of the request if asked to do so, but accepted that, ultimately, it was a decision for the issuing Member State and the requested Member State would have to bear the cost. This was presented as an advance over existing arrangements for mutual legal assistance which make no reference to proportionality.⁴⁰

15.14 The Home Secretary indicated that the Government had fought, unsuccessfully for full dual criminality, but had been “something of a lone voice”.⁴¹

15.15 In her oral evidence⁴² and by subsequent correspondence the Home Secretary clarified that the temporary transfer of prisoners for the purpose of gathering evidence already occurs under existing mutual legal assistance provisions. The refusal of consent “may” be a ground for refusal and this will be the same under the Directive. UK implementing legislation, however, provides for any request for transfer to be refused in the absence of consent. She has also pointed out that the Directive provides additional safeguards for those who are vulnerable because of their age, or because of their physical or mental condition.

Previous Committee Reports

Forty-first Report HC 83-xxxviii (2013–14), [chapter 2](#) (19 March 2014); Thirty-first Report HC 83-xxviii (2013–14), [chapter 1](#) (22 January 2014); Twenty-second Report HC 83-xx

37 Q 3.

38 Twenty-fourth Report of Session 2013–14 [HC 109-I](#), para 143.

39 Qq 15-21.

40 Qq 29, 31 and 33.

41 Q 35.

42 Qq 30 and 39.

(2013–14), [chapter 7](#) (6 November 2013); Thirty-fifth Report HC 86-xxxv (2012–13), [chapter 15](#) (13 March 2013).

See also: Forty-eighth Report HC 428-xliii (2010–12), [chapter 9](#) (7 December 2011); Thirty-sixth Report HC 428-xxxii (2010–12), [chapter 10](#) (6 July 2011); Thirty-third Report HC 428-xxix (2010–12), [chapter 8](#) (8 June 2011); Thirty-first Report HC 428-xxviii (2010–12), [chapter 5](#) (24 May 2011); Twenty-second Report HC 428-xx (2010–11), [chapter 3](#) (16 March 2011); Twelfth Report HC 428-xi (2010–11), [chapter 11](#) (15 December 2010).

16 The development of the second generation Schengen Information System — SIS II

Committee’s assessment [Committee’s decision](#)

Politically important
Cleared from scrutiny

Document details

Special Report of the European Court of Auditors:
*Lessons from the European Commission’s
development of the second generation Schengen
Information System (SIS II)*

Legal base Department

Article 287(4) TFEU, second sub-paragraph
Home Office

Summary and Committee’s conclusions

16.1 The Court of Auditors audits the accounts of all EU revenue and expenditure to verify their reliability and the legality and regularity of the underlying transactions. It may also publish Special Reports addressing specific questions concerning EU expenditure. In this, the Court’s third Special Report issued in 2014, it examines the Commission’s management and development of the second generation Schengen Information System — SIS II. SIS II became fully operational in May 2013 — six years late and eight times over its initial budget estimate. The UK plans to connect it by the end of 2014.

16.2 In our Third Report, agreed on 18 June 2014, we noted that the Court of Auditors report provided a valuable source of information on the delays and cost overruns that have beset the development of SIS II. We expressed our disappointment that, despite the Government’s customary insistence on demonstrating value for money for all EU expenditure, the Minister for Modern Slavery and Organised Crime (Karen Bradley) provided no assessment in her Explanatory Memorandum of the Court’s findings and recommendations or the Commission’s response, particularly as the latter implicated the Council’s “constantly evolving” system requirements as a cause of the delay and increase in costs.⁴³ We asked the Minister whether she agreed with the Court’s findings and whether

⁴³ See p55 of the Court of Auditors Special Report.

she accepted, as the Commission suggested, that Member States had been reluctant to acknowledge and address weaknesses in the business case for SIS II. We also asked her to explain whether, and how, the Government considered that the expected benefits of SIS II justified the very substantial costs incurred in its development.

16.3 We noted that UK participation in SIS II would be dependent on the outcome of negotiations on the UK's block opt-out of pre-Lisbon police and criminal justice measures and, in particular, whether the UK succeeded in opting back into a 2007 Council Decision establishing the operational legal base for those elements of SIS II dealing with police and judicial cooperation in criminal matters. We asked the Minister to assess the risk that these ongoing negotiations might set back the timetable for the UK to connect to SIS II in the final quarter of 2014.

16.4 The Minister confirms that the Government accepts the findings set out in the Court of Auditors Special Report. This information is welcome, but we would have preferred to receive it unprompted in her initial Explanatory Memorandum. We note the Minister's now familiar reluctance to divulge any information on the progress of negotiations on the UK's 2014 block opt-out decision, as well as her unwillingness to offer any opinion on the risk that the negotiations may set back the timetable for the UK to connect to SIS II. We await her update on further developments with great interest. Meanwhile, we clear the Court of Auditors Report from scrutiny.

Full details of the documents: Special Report of the European Court of Auditors: Lessons from the European Commission's development of the second generation Schengen Information System (SIS II), Third Special Report for 2014: (36055), —.

Background and previous scrutiny

16.5 Our Third Report of 18 June describes the development of SIS II, the preparatory work undertaken by the Government to enable the UK to participate in it, and the main findings and recommendations contained in the Court of Auditors report and the Commission's response to it.

The Minister's letter of 1 July 2014

16.6 The Minister first addresses the strength of the business case for SIS II:

“SIS II has only been operational for a year and it is difficult to fully assess the success of the current system compared to SIS I. As your Committee is also aware we are not operational in the system. We cannot speak for other Member States', assessment of the European SIS II business case, but we do accept the Court's findings. However, we must reiterate that SISone4All was only a temporary fix as a result of the late delivery of SIS II; and did not negate the original requirements of SIS II to be able to accommodate the increasing number of new Member States.

“We accept the weaknesses in the European SIS II business case were as a result of Member States not fully exploring or exploiting the benefits that the new technology would bring at the outset. However, we wish to express that the European business case for SIS II was also conceived to better equip Member States to deal with any

insecurity brought about by the lifting of EU internal borders (not including the UK) under the Schengen regime, as well as to strengthen the fight against terrorism following the events of 9/11 and the Madrid train bombings. In addition it was an opportunity to provide additional technical features, in particular the attachment of European Arrest Warrants to speed up judicial processes and the inclusion of biometric data directly concerning the physical characteristics of individuals, such as photographs and fingerprints.”

16.7 The Minister acknowledges that there has been “significant UK investment” in SIS II by successive Governments in recognition of the contribution that it is expected to make in strengthening public protection, through “enhanced real-time information sharing and increased operational effectiveness”. She adds:

“Furthermore, once the UK connects to SIS II the improved ability to detect criminals earlier at the border is expected to deter criminals from attempting to enter the UK, and should lead to crime prevention benefits inside the UK.”

16.8 The Minister notes that the Commission has accepted all of the findings of the Court of Auditors and that the operational management of SIS II has been entrusted to “eu-LISA”, the EU Agency for the operational management of large-scale IT systems in the justice and home affairs field. She continues:

“I am confident that through this mechanism a more co-ordinated and consistent approach to the system will be established, including the monitoring of benefits.”

16.9 Finally, the Minister says that the UK “remains on track to be business and operationally ready” to participate in SIS II in the final quarter of 2014, but adds that UK participation is “subject to negotiations with the Commission and Council” on the UK’s 2014 block opt-out decision and undertakes to keep us informed of further developments.

Previous Committee Reports

Third Report HC 219-iii (2014-15), [chapter 6](#) (18 June 2014).

17 Documents not raising questions of sufficient legal or political importance to warrant a substantive report to the House

Department for Business, Innovation and Skills

(36126) Commission Communication — Research and innovation as sources of
10897/14 renewed growth.
+ ADD 1
COM(14) 339

(36148) Commission Communication concerning the European Union Strategy
10675/14 for the Adriatic and Ionian Region.
COM(14) 357

Department for Environment, Food and Rural Affairs

(36135) Commission Report on the review and update of the first European
10954/14 Community Implementation Plan in accordance with Article 8(4) of
COM(14) 306 Regulation No. 850/2004 on persistent organic pollutants.

(36129) Commission Report on development of the dairy market situation
10911/14 and the operation of the “Milk Package” provisions.
+ ADDs 1–2
COM(14) 354

(36152) Commission Synthesis Report on the Quality of Drinking Water in the
11112/14 EU examining the Member States’ reports for the period 2008–2010
COM(14) 363 under Directive 98/83/EC.

(36179) Commission Communication concerning a consultation on Fishing
11288/14 Opportunities for 2015 under the Common Fisheries Policy.
COM(14) 388

Foreign and Commonwealth Office

(36172) Council Implementing Article 2(3) of Regulation (EC) No. 2580/2001
— on specific restrictive measures directed against certain persons and
+ ADD 1 entities with a view to combating terrorism and repealing
— Implementing Regulation (EU) No. 125/2014.

(36173) Council Decision updating and amending the list of persons, groups
— and entities subject to Articles 2, 3 and 4 of Common Position
+ ADD 1 2001/931/CFSP on the application of specific measures to combat
— terrorism, and repealing Decision 2014/72/CFSP.

(36200) Council Decision amending Decision 2013/189/CFSP establishing a
— European Security and Defence College.
—

Ministry of Justice

(36106) Commission Report on the implementation of Framework Decision
10539/14 2009/948/JHA of 30 November 2009 on prevention and settlement of
+ ADD 1 conflicts of exercise of jurisdiction in criminal proceedings.
COM(14) 313

Department for Transport

(36124) Commission Report on the application of the derogation provided in
10824/14 Article 8(6a) of Regulation (EC) No. 561/2006 (12-day rule).
COM(14) 337

(36163) Commission Fourth Report on monitoring development of the rail
11091/14 market: Part 1.
+ ADDs 1–2
COM(14) 353

HM Treasury

(36119) Commission Report on Legal Obstacles to the Free Movement of
10820/14 Funds between Institutions within a Single Liquidity Sub-Group.
COM(14) 327

(36151) Draft Regulation amending Regulation (EU, Euratom) No. 966/2012
11108/14 on the financial rules applicable to the general budget of the Union.
COM(14) 358

(36153) Commission Opinion of 16 May 2014 on the Updated Draft Budgetary
11114/14 Plan of Austria.
+ ADD 1
C(14) 3389

(36154) Commission Communication — Assessment of action taken by Poland
11121/14 in response to the Council Recommendation of 10 December 2013
COM(14) 431 and by Croatia in response to the Council Recommendation of 28
January 2014 with a view to bringing an end to the situation of
excessive government deficit.

(36155) Commission Report on Finland — Report prepared in accordance with
11125/14 Article 126(3) of the Treaty.
COM(14) 432

Formal minutes

Wednesday 9 July 2014

Members present:

Sir William Cash, in the Chair

Michael Connarty
Geraint Davies
Kelvin Hopkins
Chris Kelly

Stephen Phillips
Jacob Rees-Mogg
Henry Smith

Draft Report, proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1.1 to 17 read and agreed to.

Resolved, That the Report be the Sixth Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

[Adjourned till Wednesday 16 July at 2.00 p.m.]

Standing Order and membership

The European Scrutiny Committee is appointed under Standing Order No.143 to examine European Union documents and—

- a) to report its opinion on the legal and political importance of each such document and, where it considers appropriate, to report also on the reasons for its opinion and on any matters of principle, policy or law which may be affected;
- b) to make recommendations for the further consideration of any such document pursuant to Standing Order No. 119 (European Committees); and
- c) to consider any issue arising upon any such document or group of documents, or related matters.

The expression “European Union document” covers —

- i) any proposal under the Community Treaties for legislation by the Council or the Council acting jointly with the European Parliament;
- ii) any document which is published for submission to the European Council, the Council or the European Central Bank;
- iii) any proposal for a common strategy, a joint action or a common position under Title V of the Treaty on European Union which is prepared for submission to the Council or to the European Council;
- iv) any proposal for a common position, framework decision, decision or a convention under Title VI of the Treaty on European Union which is prepared for submission to the Council;
- v) any document (not falling within (ii), (iii) or (iv) above) which is published by one Union institution for or with a view to submission to another Union institution and which does not relate exclusively to consideration of any proposal for legislation;
- vi) any other document relating to European Union matters deposited in the House by a Minister of the Crown.

The Committee’s powers are set out in Standing Order No. 143.

The scrutiny reserve resolution, passed by the House, provides that Ministers should not give agreement to EU proposals which have not been cleared by the European Scrutiny Committee, or on which, when they have been recommended by the Committee for debate, the House has not yet agreed a resolution. The scrutiny reserve resolution is printed with the House’s Standing Orders, which are available at www.parliament.uk.

Current membership

Sir William Cash MP (*Conservative, Stone*) (Chair)
Andrew Bingham MP (*Conservative, High Peak*)
Mr James Clappison MP (*Conservative, Hertsmere*)
Michael Connarty MP (*Labour, Linlithgow and East Falkirk*)
Geraint Davies MP (*Labour/Cooperative, Swansea West*)
Julie Elliott MP (*Labour, Sunderland Central*)
Stephen Gilbert MP (*Liberal Democrat, St Austell and Newquay*)
Nia Griffith MP (*Labour, Llanelli*)
Chris Heaton-Harris MP (*Conservative, Daventry*)
Kelvin Hopkins MP (*Labour, Luton North*)
Chris Kelly MP (*Conservative, Dudley South*)
Stephen Phillips MP (*Conservative, Sleaford and North Hykeham*)
Jacob Rees-Mogg MP (*Conservative, North East Somerset*)
Mrs Linda Riordan MP (*Labour/Cooperative, Halifax*)
Henry Smith MP (*Conservative, Crawley*)
Mr Michael Thornton MP (*Liberal Democrat, Eastleigh*)

The following members were also members of the committee during the parliament:

Mr Joe Benton MP (*Labour, Bootle*)
Jim Dobbin MP (*Labour/Co-op, Heywood and Middleton*)
Tim Farron MP (*Liberal Democrat, Westmorland and Lonsdale*)

Penny Mordaunt MP (*Conservative, Portsmouth North*)
Sandra Osborne MP (*Labour, Ayr, Carrick and Cumnock*)
Ian Swales MP (*Liberal Democrat, Redcar*)