

Northern Ireland Assembly and Business Trust

"What does Europe mean for your business?"

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Chairperson: Mrs Judith Cochrane MLA

Mrs Cochrane: Good afternoon, ladies and gentlemen. Welcome to this afternoon's meeting of the Assembly and Business Trust. I apologise for our Chair Phil Flanagan, who is not able to be here. I also apologise that I will have to dash away at some point. Being in three places at once is not easy.

I am delighted to welcome you to this educational briefing session entitled, "What does Europe mean for your business?". It is a timely event with the European elections next Thursday 22 May. I am delighted that we have such an array of speakers to address us. We will hear, first, from Professor David Phinnemore, a professor of European politics at Queen's University, who will give us an academic perspective. We then have Jane Morrice, vice-president of the European Economic and Social Committee, who will provide an overview of the work of that committee. Colette Fitzgerald, head of the European Commission regional office in Belfast, will also address us.

As some point, I believe, Mike Nesbitt MLA, Chair of the OFMDFM Committee, will speak on that Committee's engagement on European matters. Following those presentations, David, Jane and Colette will, I believe, be happy to take questions. I hope you will enjoy the session. Just before I hand over to David, I remind you to complete the feedback questionnaires on your seat before you leave.

Without further ado, we will get the session started. I hope you enjoy the afternoon.

Professor David Phinnemore (Queen's University Belfast): Good afternoon, everybody. Thanks very much for the invitation to come and speak. I am not an economist or business expert; I am a professor of politics, particularly the politics of the European Union. However, I have been following EU issues for some time and take an interest in some of the core areas of EU activity, particularly the single market and the euro.

I want to make a number of points, which, hopefully, will stimulate discussion that we can pick up in the Q&A session. The first general point, which reflects my background in politics, is that given where we are, like it or not, the EU exists. For a lot of the past few decades, there has been a bit of wishful thinking on the part of some people that the EU would just disappear. It has not and I do not think that it will.

Secondly, we in Northern Ireland are part of it, once again whether we like it or not. There is an argument to say that quite considerable benefits accrue from membership of the European Union or, shall I put it differently, from participation in the single market. We can see those at a number of levels. We see it at a popular level with movement, opportunities and rights. We see it at the political level in opportunities for a region such as ours to engage in policy making. One might also argue that there are opportunities to learn from others as they address economic and sometimes political challenges not dissimilar from our own.

There have also been supposed benefits accruing to business, notably trade within the single market, which has 505 million people. If you extend that to the European Economic Area, we are talking about

510 million and then through the EU's various free trade and other agreements, access to a whole series of other markets. We also know, particularly from a Northern Ireland perspective, that membership of the EU and participation in the single market involves access to funds that others have available to them, such as structural funds, but obviously here Peace I etc have brought financial benefits to us.

Admittedly, though, we cannot say that the EU is all about benefit. It has challenges that it presents to business, regions and people. At a basic level, it challenges notions of sovereignty of states. It has brought in, once again whether we like it or not, a new level of government or governance beyond the national level, which proves challenging for people to adapt to. It has proved particularly challenging for regions, where, in our case, we have gone through a process of devolution, creating that sub-national tier of government, at the same time as we have seen increasing regulation at a European level. Those processes have happened almost simultaneously and may bring challenges. It brings challenges for regions such as ours on how to operate within the state, which is the member, particularly when, at state level, government level and national level, it acts notionally on our behalf in Europe. How do we engage in that process and ensure that our interests are represented, particularly when participation in the single market and participation and membership of the EU brings with it obligations as well as rights? There are also challenges for business and the sense at least that the EU creates an additional level of regulation beyond that at the national level, and, because of that distance between ourselves as a region and the EU based in Brussels, there is a sense that the legislation is often alien or foreign legislation that is imposed from afar, even though we, as part of the UK, are part of a member state.

There is much debate on those issues in public circles and in academic circles. There is also a lot of debate in business about the merits or otherwise of the EU and access to the single market. I will pick up four points that I think are important to remember when looking at the value of the European Union or access to the single market for business. First, the idea of Europe-wide regulation, while arguably imposing costs, does nevertheless create more of a level playing field than we would have if we simply had national sets of regulation. One of the reasons for the single market project originally in the 1980s and early 1990s was to create a greater sense of a level playing field and therefore make business opportunities fairer. Secondly, we have a relatively stable regulatory framework. Yes, more regulation comes through, and sometimes regulation is repealed, but, because it is imposed at essentially that technocratic European level, it is far less susceptible to political changes of government and, therefore, one would argue that business can plan slightly better than it could have 20 years ago when regulation was more at national level and there was a much more frequent turnover of Governments, often with radically different political perspectives and different economic policies. Thirdly, at the moment, despite what some of the popular media might argue, we have an emphasis on lightening regulation. Even though we see plenty of arguments about the protectionist French, etc, there is still a very strong free market and liberal market emphasis in a lot of EU policy priorities. In the treaties, the emphasis is consistently on deregulation and freeing up trade, not on protection. The fourth point is to question the extent to which all business can and does benefit from the European Union and from access to the single market. We have to remember that not all businesses can take advantage of participation in that large market. Not all engage in cross-border, and not all are involved in international trade. Many have a very local focus to their economic activities. Therefore, Europe can often be oversold to businesses, particularly small businesses.

It is often the case that many of the regulations that are applied at EU level or are believed to be coming from the EU level have, nevertheless, to be implemented by those businesses that do not necessarily benefit from participation in the single market. Therefore, Europe can often seem to be exceedingly remote to them. Moreover, partly because of that remoteness, it is often seen as something that is very hard, if not impossible, to influence. There is often, quite rightly in some respects, a sense of regulations and directives being imposed without a direct input from smaller businesses in particular.

There is the whole issue of competition. By freeing up markets and by deregulating, there is often far less competition created and far less protection afforded to smaller businesses, particularly local businesses. We have been asked to pick up on the point of engagement. Because of the existence of the EU and because of some of those challenges, it is vital that we are engaged on European issues. I will raise a number of points. First, engagement facilitates the identification of opportunities for trade and business. It also allows for the identification and, ideally, the exploitation of funding opportunities. You will probably hear more about that later. Furthermore, it is vital that, through engagement, we are able to utilise the opportunities to influence policymaking. That is one of the areas historically in which regions have not necessarily had the influence they possibly could have

had. It is vital that regional interests are represented at European level and used to try to influence policymaking.

This partly reflects the way in which politics is going in the UK, which is towards a referendum probably on being in or out of the EU: engagement helps to deepen our understanding of Europe and the EU. It means that we are able to communicate down the value or otherwise of the EU for business and society more generally. As part of that engagement, we also need to have the capacity to communicate up our ideas and preferences into the process of EU policymaking. That applies to not just us as a region but businesses operating not necessarily unilaterally but more so in collaboration through various existing networks.

Engagement is always important, but it will be particularly important in coming years because, as I said, we are likely to be forced into considering whether we wish to be part of the EU. If we have that debate and the referendum is negative, what sort of relationship are we going to secure to reflect our interests in Europe following the possibility of a British withdrawal?

Ms Jane Morrice (European Economic and Social Committee): I am not going to follow on from the point about a British withdrawal; I am not going to defend or attack. I am the vice-president of the European Economic and Social Committee. I will quickly explain what it is. In the questions and answers, if you want to know more about it, I will let you know. It has 353 members from 28 member states speaking 23 different languages. Our role is to scrutinise European legislation and give our opinion to lawmakers, whether it is the Council, the Parliament or proposals from the Commission. The lawmakers are obliged by the Treaty of Rome to consult us, but they are not obliged to take on board what we say. Some people would say that we do not have enough teeth. However, of the 353 members, there is a wide range of experience, as you can well imagine. We have a very valuable way of arriving at consensus to give the lawmakers the view of civil society, whether it is employers, employees or others. We get together to look at a piece of legislation, and we give our opinion on it. That is the role.

I have been asked to talk about Europe and business. I like to do things on the back of an envelope, but Europe is so good for business that I had to use a ginormous envelope to write on so that I can explain how enthusiastic and pro-Europe I am in what Europe can do for business in Northern Ireland. David talked about regulation, red tape and SMEs etc. I am looking at the part that helps business to exist and survive. To see what Europe has done, just look at something such as our infrastructure: the ports to get our exports out and imports in, the roads, the rail and the roundabouts. People used to complain about there being a glut of roundabouts in the European Union. All of that infrastructure is financed by the European Union.

Farmers, obviously, run businesses, and is it 80% of the farmers' wage bill that comes directly from Europe by direct payments? That is business. Possibly, the group that has had the most success out of Europe is the farming community because the farmers are and certainly were the greatest lobbyists. In the days when there were 12 to 15 member states, there were around 12 million farmers yet around 19 million people unemployed. The farmers got up to 70% of the budget back then, and it is down to below 50% now.

Comber potatoes is a great example, and I always cite it. We get Cyprus potatoes on our shelves here, but you will never see a Comber potato anywhere but Comber or Northern Ireland. Now that we have origin status, the Comber potato can start selling and getting a reputation, and that is good for business.

There are other valuable things that, again, we do not see much of. An example is training. The European social fund puts so much money into training and skilling up people for industry etc, whether that is women, unemployed people or just preparing for skills. A lot of people will ask why Ukrainians have to come in as welders into the shipyard. That is not Europe's fault for not training the right people. That is someone else's fault, looking at no one in particular. The money is there from the European social fund for training these people. Here, government needs to be able to tell where that money should go to.

Help for business in general, start-ups, investment, tourism, exports, imports and the use of the European Investment Bank is all there to support business in Northern Ireland. I will always talk about something like the ERASMUS programme, which is available for young university students to go out and go into the world, learn language, go and live in other countries and come back and have that skill set. That is also good for business, because, if businesses are trying to sell abroad, it is better if they

speak the language. We have a huge advantage of being English speaking, but being able to throw in a bit of French, Spanish or even Chinese is useful. ERASMUS does let students go to China as well.

Obviously, the money that has come in for the Peace programme has provided phenomenal support, and that is good for business too because it brings political stability. Cross-community and cross-border working and opening up and breaking down barriers etc is good for business.

I suggest that there is very little that is spent in this region that does not have the European circle of stars around it. Surprisingly enough, when I was in the role that Colette is now in in the European Commission office, I was always complaining that we did not see those stars enough. There is the plaque that says "Funded By ...". I think that we see more of that now. I have a quick point on the future. Obviously, the crisis has shaken us up an awful lot, and it is essential that we learn from it. We need not only to put in place mechanisms to safeguard our finances and to control the banks but we have to start to move away from traditional economic models. I am very keen on this, and I do not know how many of you follow the Beyond GDP initiative. It focuses on the need to bring in new ways to measure economic growth. It should not show just economic figures. It should show not only GDP per capita but show the number of doctors per capita, the number of children in the classroom and the number of teachers. Bring in the social aspect. I am not talking about Cameron's happiness levels but about well-being. I am talking about looking beyond GDP and bringing in social and economic information to gauge what we are doing. Eventually, it will be very important that we go there for business. Before I close, I want to quickly mention something that gives a good description about how we work on the Economic and Social Committee and how it can be good for business. I got a phone call just as I was leaving from someone who is working on lobbying for the Narrow Water bridge. She said, "Can you do anything to help us?". I said, "Well, I am just about to go up to Stormont here and talk to people. Tell me about it. I promise you I will mention it". So, they want money for the Narrow Water Bridge. That is why I am here. I think they are looking for £32 million. I think that Europe is ready to give them £18 million. So, they are lobbying for that.

There is an awful lot that we can do. I think that for the future, we should look at what our specialities are. One that I am very interested in is obviously peace-building and the peace and reconciliation centre. I am very disappointed that the money was — I do not know what the word is — postponed, held back, shelved, gone. I do not know; I am being very careful in my choice of words. However, I am very disappointed that that happened for the Maze/Long Kesh peace and reconciliation centre. I believe that an original idea that came out once for the two sites at the Crumlin Road and the Maze/Long Kesh would have been a very valuable way to go. However, it is for the politicians to decide that, not me.

We are doing well. We have got the Giro d'Italia, the golf and the Titanic centre. All are European funded except the Titanic centre — I think the Nomadic got it. So, my concluding remarks are that it is absolutely obvious that Europe is good for business in Northern Ireland. Thank you very much.

Ms Colette Fitzgerald (European Commission Office, Northern Ireland): I can say only that it gets even more positive as time goes on. Well said, Jane. David, thank you for your remarks.

I will not repeat what Jane or David have said about the general view of Europe. To bring it very close to home for Northern Ireland, I think we could talk about three points; money, rules and regulations, and engagement with the European Union and its institutions. I will begin with money. It used to be said that there were the three Fs: farming, fisheries and structural funds. What we have been trying to do with Northern Ireland — when I say "we", I mean the Commission — over the past seven years has been to try to increase Northern Ireland's engagement with the other European funding programmes, such as Horizon 2020, which, in the past, was called Framework Programmes for Research, and the entrepreneurship strategy for Europe 2020 that has come out. It is really up to the region to engage with the Commission on all of those European programmes. If you do not engage, you will not benefit. My phrase, which I would hammer home to everybody, is that if you are not in, you cannot win. For a long time, Northern Ireland's engagement as a region with Europe was at second hand. Since 2007, when President Barroso, the President of the European Commission, set up a special task force for Northern Ireland in the Commission's services and relations with the other European institutions, such as the Parliament, Jane's committee and the Committee of the Regions, I think the increase in engagement has been phenomenal. I congratulate all of those who have put the work in to do that. We now have the office in Brussels, which has received the additional resources of four extra staff who have been put there specifically to further the work of the task force by identifying funding opportunities for Northern Ireland in all of the other different programmes where, traditionally, we did not do very well. So, I think that, with regard to money, it is absolutely clear that Northern Ireland benefits. I hope that we will continue to increase the drawdown of funds until 2020.

Networking is another aspect where Northern Ireland can only improve as time goes on — getting it embedded, as President Barroso said, in the formal and informal networks that make up much of what the European Union is all about. Jane mentioned lobbying. I think that that is seen as a bad word here, but it is perfectly good in Brussels. That is what Northern Ireland needs to do. It needs to increase its visibility by using the Office and the contacts that we have with commissioners and senior officials to get Northern Ireland placed high up the agenda and get to know our partners and friends in Europe. Shortly after the task force was formed, we sent a delegation from Invest NI and DETI to the Helsinki Innovation Centre, which is recognised as one of the leading innovation centres in the world. We were able to bring back experience from there that led to the development of new programmes for businesses in Invest NI. Networking is very important. I now move on to rules and regulations. The EU, especially the Commission, is often maligned for all its red tape. I think that some of you were here several weeks ago when we had a visit from the Commission's director general for enterprise, Daniel Calleja. I think that he made some very important points. First, the Commission is committed to reducing red tape and regulation. Absolutely; there is no question about that. On the occasion, Mr Calleja also mentioned that he has introduced the SME stress test into all Commission decision-making, across all the different services. So, if the DG for environment wants to bring in an environmental rule it has to ask what effect it will have on small businesses. The Commission is committed to doing that and will continue to do that. Mr Calleja is also what is known as the SME envoy for the EU. Again, the Commission recognises the role of small and medium-sized enterprises right across the European Union in trying to recover from the crisis and in creating employment for all the unemployed across the European Union. Mr Calleja said that there are 23 million unemployed, but that there are also 23 million small and medium-sized enterprises. If we could get them all to take on one extra person it would make a big dent in the unemployment figures. That is the now the Commission's vision. SMEs will be given much more support and attention than before in European engagement.

I want to quote a figure that I received from the CBI today. Maybe some of the economists in the audience might correct me or might even know. As part of its response to the ongoing debate about what would happen in the event of a UK referendum and resulting withdrawal from Europe, the CBI came out firmly in favour of remaining in the EU and calculated that all the other benefits that Jane talked about — not just the funding or the cheque you get in the post — that underpin the environment for business, education, skills, training and so forth, is worth £3,000 per household per annum to the UK. That is not a Commission estimate. It is a CBI estimate. John is smiling. Maybe he will have something to say about that afterwards.

I want to pick up on what Jane said about some of the other non-tangible points. The EU has proposed a youth guarantee scheme to deal with the current unacceptably high unemployment rate among young people. That is a key priority for the Commission. It has proposed a youth guarantee, which would mean that, within four months of leaving school or becoming unemployed, young people would be offered a training course or an education placement, an apprenticeship or an assisted internship in a business or help to set up their own business. The EU has asked every member state to put that in place and to use European funding from the social fund to address the problem of youth unemployment in that way. Next week, we will have a visit from the European Commissioner for Employment, Social Affairs and Inclusion. Dr László Andor, who will promote the youth guarantee. Those are the benefits that Europe can bring to Northern Ireland businesses. It is vital that it is a two-way relationship. It is not just about waiting for the regulations to land in from Brussels, but getting out there and influencing them. Through the task force, Northern Ireland has had a unique opportunity over the past few years to do that. No other region has a task force. There are 360 regions across the member states of the European Union. This is the only one that has a task force with Barroso's name on it and that guarantees open-door access to people from all walks of life in Northern Ireland. That has been the case and I hope that it will continue as we come into a new Commission, which will likely take effect next year after we have the elections and so forth, and President Barroso is replaced. I have no names in the hat. I do not know who it will be, but we hope that, on their first-day brief, they will have Northern Ireland as one of the top items on their list.

Finally, in the context of business for Northern Ireland, I look forward to working on the so-called TTIP negotiations, which is the Transatlantic Trade and Innovation Partnership talks that are taking place between the European Union and the United States. Those talks were announced in Northern Ireland last year at the opening of the G8 summit, which, as we all know, was held at Lough Erne. In fact, it was announced at the very first press conference of the event. It came ahead of the formal opening of the G8, but that was an important announcement that the EU and the US want to do business together. It is reducing tariffs and reducing regulation that stymies exchange of business between EU countries and the US. It is calculated that, if that goes ahead, it is successful, those talks take place, the rules are loosened and tariffs are brought down again, it could add up to 1-5% to GDP in Europe

and in the States, which would be worth billions of euros and lead to hundreds of thousands of jobs that are badly needed. I will finish by saying that I think that the TTIP negotiations offer a unique opportunity for Northern Ireland to act as bridge between the EU and the US. It is already happening. We are all aware of the number of American companies that are investing here, and, if things go ahead, it can offer even more opportunities for Northern Ireland to get in there and be the first-choice country in Europe for investors from abroad.

Mr Mike Nesbitt MLA (Chairperson, Committee for the Office of the First Minister and deputy First Minister): Good evening, folks. I am Mike Nesbitt, Chair of the OFMDFM Committee. I want to add to Judith Cochrane's words of welcome to you. It is very important that you are here and that we are discussing these issues this evening. Apologies for mucking about with the running order, but I had to go down to the BBC radio studios to talk about something that Jane mentioned in her last set of remarks. We are not exactly on the same page, but that does not mean that we are not friends on that issue.

I have a speech here that the Clerk of the Committee very kindly wrote for me. She knows that I do not always stick to script, which is why she is standing at the back. You will know when I go off script because you will hear a sound from the back of the room that sounds like somebody who has been punched in the solar plexus. The Committee that I chair, the Committee for the Office of the First Minister and deputy First Minister, has responsibility overall for European affairs in that we lead on it, but every Department has a role to play and every statutory Committee that scrutinises that Department has a role to play. So, one of the things that we do is make sure that we contact those other Committees, pull together what they are doing in scrutinising their Departments and compile a report every year on how well we are doing against our Programme for Government targets. Interestingly, the three devolved Governments of Northern Ireland, Scotland and Wales all do it differently. In Scotland, they have a single Committee that is absolutely dedicated to European and external affairs. Wales does not have any Committee; every Committee has a statutory duty to look after its relationship with the EU as part of its portfolio.

Geographically, we may be on the periphery of Europe, but European Union affairs have a very big impact on us, and I suppose that the easy thing to do is to think about funding first and foremost. That is critical. As an aside, what is happening today on the border of the Ukraine and Russia surely shows that there has never been a time when it has been more important to have a strong, united European Union and never been a time when a strong and united European Union might play an extremely benign role in world affairs and in peacemaking. However, it is true to say that we tend to look, particularly as businesses, to what the European Union can do for us through funding, and we have benefitted greatly down the years from a variety of funding streams, not least Peace, under which we have had Peace I, II and III. Peace IV is on the way and is valued at £200 million-plus. That, of course, is specifically designed to support this region as we develop. The transition from focusing on structural and cohesion funds allocated to states and regions to overcome our structural deficiencies — the sort of improvements Jane talked about — and the switch to competitive funding, where we have to bid alongside the other member states and the regions, will be critical for the success of our economy. The Executive have a Programme for Government commitment to increase the uptake of competitive funds by 20% through to 2015. That means that the target for drawdown in cash terms is £64.4 million over a four-year period. There has been good progress against that target and that should be commended, welcomed and embraced.

Personally, I have a question about the ambition of it all. It is interesting that the Assembly Research and Information Service recently looked at framework 7 and said that Northern Ireland applied for €35 per head of population in Northern Ireland, which was almost exactly the same to the cent as Wales. Scotland applied for twice as much and England applied for three times as much but the standout figure was for the Republic of Ireland. This figure is not what they got, so I put that health warning on it, but what they pitched for. They pitched for €590. You can deconstruct that and say that the Republic threw the kitchen sink at it, perhaps, and that we were much more prudent and sensible and responsible in what we did, but as a measure of ambition I just put it out there for you to think about — €35 a head versus €590.

My Committee, among others, has been asking questions about the Executive's ambition in relation to competitive funding programmes such as Horizon 2020 which has €80 billion for research and innovation. That is a real opportunity for us to grow our knowledge economy and invest in our future. So, how well are our local businesses informed about the process of finding partners to go for a bid? Is the learning captured to inform future bids by other Northern Ireland companies? How much support are they getting for preparing those bits of paper? Northern Ireland of course, is not only

home to SMEs but to microbusinesses. How are these very small but vital enterprises informed and supported in applying for EU funding to grow their businesses?

European funding is critical for our local economy but we must not forget that a significant proportion of policy and legislation on a wide range of issues also emanates from the European Union; Colette touched on that earlier. It is estimated that between 50% and 75% of domestic legislation has its roots in EU law. It is in engaging effectively in the development of this policy and legislation that Northern Ireland can reap the benefits of membership of the European Union. I am so tempted to go into a party political election broadcast here, but I shall withdraw it. I am just listening for the "clunk" as Shona hits the deck there. *[Laughter.]* Our relationships with the European Union are the responsibility, of course, of the UK Government primarily. However, implementation of EU policy often falls to Departments here in the Executive. The UK Government have already given a commitment to the devolved regions to involve us as directly as possible in decision-making on EU matters that touch on devolved areas and also on non-devolved matters that will have a distinct impact on and be of importance in Northern Ireland.

Assembly Committees, then, have a vital role in holding our Northern Ireland Executive and their Departments to account and in asking questions about the effectiveness of their engagement in EU affairs. For example, what are the priority issues in the year ahead for Executive Departments? Which major policies and legislation are in development at the European level that will have a significant impact, positive or negative, on local businesses? What are our Ministers and their Departments doing to ensure that Northern Ireland's perspective is included in the UK member state negotiation position at the European council on legislation and policy? What engagement have Departments had with the private and voluntary sectors on EU policy and funding issues?

We cannot afford to be, to borrow a phrase from our European neighbours, *laissez-faire* about European policy and legislation which is in development. Ultimately, it will have a real impact on our economy, our businesses and our communities. Schrader Electronics in Carrickfergus and Antrim recently created over 200 new jobs in developing a new tyre pressure valve, capitalising on new European law which requires all vehicles manufactured from November 2014 to have integrated tyre pressure monitors. That is just one example of how a business has grasped an opportunity created by new European Union legislation.

The Committee for the Office of the First Minister and deputy First Minister recently published a report detailing the European priorities on which each Assembly Committee will focus in 2014.

The report gives a real indication of the range of topics that Committees will focus on in the year ahead, from modernisation of rules on state aid to labour mobility, from public procurement legislation, which a lot of people are interested in, to reform of the common agricultural policy, and from sustainable urban development to resource efficiency and waste directives. All those will have a real and tangible impact on businesses and communities here in Northern Ireland.

I promise you that Assembly Committees will continue to scrutinise how Ministers and Departments engage in the business of Europe. For better or worse, it affects all of us. Although much is uncertain about our future relationship with the European Union, we must grasp every opportunity that the EU affords local businesses to grow our economy. Thank you very much for your attention.

Once again, I apologise. We are going straight into a Q&A session, but I am afraid that I will not be here, because, with nine days to go, for Mike Nesbitt, the most important phrase in respect of the European Union is simply this: Nicholson 1. *[Laughter.]* I am going canvassing. Enjoy your evening. Thank you very much.

Dr Joanne Stuart (Northern Ireland Assembly and Business Trust): Good evening, everybody. I would like to thank Mike for his remarks. I also thank our panel. It is great to get that sort of enthusiasm and passion for Europe. We now have an opportunity to take some questions. If anybody wants to ask a question, just put up your hand. We have a roving mic.

I will kick off. Colette, one of the things you mentioned, which Jane touched on, was the importance of networking. The sort of examples that you gave were, from my perspective, very much about government networking and how civil servants network. So, how do SMEs and micro-businesses network? Is it through networks here that we have to be much clearer about how our government networks, or should we be networking better in the institutions in Europe?

Ms Fitzgerald: I think that the short answer is both. First, the whole question of the development of SMEs is right at the top of the agenda in Brussels. I spoke of Mr Calleja's visit. You were there that night, Joanne, and he was very clear. He is the EU's SME envoy. What does that mean? It means that he has to be conscious of all the rules and regulations that affect SMEs. As he said himself, he cannot do that for all member states. So, every member state now has a dedicated SME envoy. I do not know whether any of you in the room know who it is for the UK. Does anyone know? It is an official in the Department for Business, Innovation and Skills in London. Since Calleja's visit, I have made it clear to the people in Brussels that Northern Ireland needs to have a regional envoy to look after its own interests. So, that is one way. That envoy network is working at member state level in Brussels, advising the Commission, reacting to proposals, and so forth. However, there are numerous small business enterprise networks made up of actual companies. That network of envoys is a government-led network. There are loads of small business networks. Again, if you are not in, you cannot win. You have to become aware of them. How do you do that? By working with Invest NI — there are people from DETI who can advise — and using the office in Brussels. Northern Ireland has a great resource out there.

Mike Nesbitt made some remarks about Northern Ireland's ambition and engagement with competitive funding programmes such as the one for research, Horizon 2020. It is always mentioned that the Republic of Ireland has done so much better etc. When you ask them how they did that, they will give you this answer, "We drank tea for Ireland in Brussels". So, it was by getting to know people and networking.

I will finish on this. I mentioned that there are, I think, 360 regions across the EU, and nearly all of them have a regional office in Brussels. Get to know and make a point of knowing them. I advise knocking on the door of the Finnish office, the Swedish office — countries that Northern Ireland can work with and where businesses can cooperate.

Mr Leslie Cree MLA: Following on from your last question, I think that that is a very important point. The Irish outfit, in particular, has good representation on the ground in Brussels. We have our own office in Brussels. Members who were on a Brussels trip with me may well remember — I certainly will never forget it — that the Irish delegation told us that you really have to get involved here at a very early stage. It is nearly too late when the White Paper is produced as it is very seldom changed. When we went to the permanent representation, we asked them how they handled it. They said that they waited until they got the paper and then they got going. Is that still the situation, and how can we solve the problem between the permanent representation of the UK and our own office doing limited work — presumably to the best of their ability, albeit maybe misguided? How do we wind the whole thing up?

Ms Fitzgerald: First, I do not think that the situation is quite as stark as you might imagine. I said earlier that I saw a massive improvement in the level of Northern Ireland's engagement since 2007 — the period of the current Executive. It really has been transformed. I think that the office in Brussels is doing a great job. It has been strengthened as the Executive have put in additional staff to do the very things that you are talking about. Before a White Paper even sees the light of day, you should know what Commission officials are drafting. That is the key, and that is where you get to know them. It is visibility and networking, and I really cannot emphasise those two points strongly enough. If you get the first two right, the money will flow.

With regard to networking, the Commission is open to lobbying, contrary to what the 'Daily Mail' and other media outlets might say. I worked for nearly 20 years in the Commission in Brussels, and I saw a very open, transparent and accessible Civil Service. Before that, I had worked for 11 years in the Department of Finance in Dublin during the 80s. It has all transformed a bit now. When I went to Brussels from the Department of Finance in Dublin, I was amazed at the different way in which it operated and its openness. If you wanted to talk to an official, you could find out who was dealing with a dossier, as they call it, and you could go and meet him or her, ask about what it could mean for your region and say that it could cause problems. If they know that there is a problem and if it can be overcome, people will generally try to do that. You need to be visible, network, use the office in Brussels, use all your contacts and get to know other people, because that is another way in which the European Union functions. If you want something done, you need to get people behind you. So network, network, network.

Professor Phinnemore: We are obviously seeing a difference in the formal networks or formal mechanisms through the official channels and the informal. I want to add another dimension to the informal, and it is something that the British Government have picked up recently. They did a survey of how many UK nationals there are in the EU institutions. The UK makes up 12% of the EU

population. What percentage of Commission officials are from the UK? The answer is 4%. The next question was whether we could name any of them. If you go to the Irish situation, Catherine Day and David O'Sullivan are two names that every civil servant knows. Consequently, the British Government are recognising, belatedly, that they really need to get more people into the institutions.

To put on another hat, I chair the UK selection committee for the College of Europe, a notable place where Margaret Thatcher gave her famous speech, which is also the source of what is often referred to as the Bruges mafia: post-graduate training, several hundred students going through each year, the majority of whom end up in the institutions with their own networks. The UK Government used to have 30 scholarships; they removed them overnight, and they now fund four — five British civil servants. The Welsh Government sponsors two. The Northern Ireland Government — none.

Ms Morrice: I will make a few points on that. If you want to know what the Committees are doing — I know that you have started working on it in your Committee — the European Commission puts out a work programme, which is a plan for its work and what proposals it will make for legislation in advance each year, so that is your toolkit for knowing what is coming down, and you look at it to know what is of interest to us here. Another very important thing is using your representatives out there, such as us on the Economic and Social Committee. There are also MEPs out there. I was talking to a group of quite active representative NGOs in Northern Ireland; there were maybe 80 in the room. I asked how many of them had contacted their MEP. Not one had. Has anyone in this room contacted their MEP? They are in Brussels to serve that purpose. We are coming up to an election. We need to start using our people out there to greater effect.

David made the point about public administration, lobbying and the way in which different nationalities have got into different areas. I gave a talk to civil servants from all the EU member states, who go regularly to Brussels for training sessions to learn more about it, including young people fast-tracking. I was astounded that the UK did not send anyone. Every other member state was there, but the UK chose not to send civil servants to a training programme in Brussels. That is an example of the lack of interest. It is shocking. The answer is to do it ourselves. I used to always say, "003222991111". That is the telephone number of the European Commission. You are not going to get a foreign voice answering the phone or someone who cannot understand you. You phone that number and ask to speak to a specialist on shipbuilding or such and such, and they put you through. It is as simple as that. Try it if you wrote that number down.

Dr Stuart: We probably have time for one question before we close up. Does anybody have a question they would like to ask?

Mr John Simpson: I want to pick up on the theme emerging from this conversation in the form of a question. Do the Northern Ireland Office or the Northern Ireland civil servants based in an office in Brussels feel that it is part of their responsibility to keep the business community informed of intelligence relevant to the business community as and when it emerges? If the answer to that is no, why not?

Ms Morrice: I can answer, but not for them, obviously. I reckon that it is a pretty small staff for doing that sort of thing. It would be difficult to guarantee that you could keep an eye on that level of legislation.

Mr Simpson: They do not try.

Ms Morrice: They do not try. Obviously, I am not at the receiving end of what they do, but, as far as I am concerned, they have been very active in the work with the task force. I am not at the receiving end of the business information, obviously. Keeping an eye at that sort of level would need an awful lot more people. UKRep should be doing it as well.

Professor Phinnemore: There is often the focus on what our office is doing in Northern Ireland. Obviously, we should expect it to deliver on what we need. I am also very conscious that there are other networks out there, particularly from a business perspective. Who else is gathering the intelligence for you? What are the professional associations doing? How well is business linked into those? They need not necessarily be UK-based; there are transnational bodies as well. Every available opportunity should be used to gather the intelligence.

Ms Fitzgerald: As a civil servant of the Commission, you act as a civil service regardless of your nationality. Having got that one out of the way, I will talk about a few of the points that David made. It is true that the UK nationals are the most underrepresented in the Commission. Guess who is the

most overrepresented? Ireland and Belgium. For the Belgians, it is because their country, of course. If you're not in, you can't win. It really is like that.

John, in reaction to your question, I think that the office in Brussels is doing that. It did not do it in such a systematic way until the task force was established. It is the job of UKRep to scrutinise draft Commission legislation, to advise and let people know at home what it is likely to mean for them, including the impact it could have on businesses, and to vote or argue against it if it thinks it is going to be detrimental. That is one of the key roles of the representations of all the member states.

Our office has a vital part to play when it comes to highlighting Northern Ireland as a regional economy. Sometimes the needs of the Northern Ireland economy differ from what the UK Government would like to see happen in Europe. Through the task force and its engagement, we have been able to tailor some judgements to the benefit of this region. We need to continue doing that and getting people out to Brussels. I see articles in the 'Belfast Telegraph' and other papers criticising Ministers or civil servants — God forbid — for going to Brussels. I would be criticising them if they were not; it is as simple as that. Any of you who have been in Brussels will know that, with the lack of a direct flight between here and there, it is no junket. Brussels is not a week in the sun, far from it. So, get out there and keep Northern Ireland at the forefront of the agenda.

Dr Stuart: Gerry Mulligan will be here giving a briefing to the Assembly and Business Trust on 9 September. That came out of the education visit that we had last November. That was the first time that a lot of us had been to Brussels and the Northern Ireland Executive office there. We are starting to get a better understanding of how it works. The access that we could have is something that Business Trust has taken onboard. That is why we are doing a bit more around Europe and how business engages with Europe. As somebody mentioned, it is a two-way street. It is important. However, unless you know more about it, it is sometimes difficult to know what we should be engaging on and how we should be engaging. That is what these sessions are about.

Are there any more pressing questions before I close?

Ms Victoria Bailey: My name is Victoria Bailey, and I am from Tesco Northern Ireland. I got my job after graduating with a 2:2 in business management. Through working for the company, I am on a year's secondment. I heard you talk about the different opportunities that you have for young people. I volunteer with Blast 106, a radio station in the city. We take on a lot of volunteers through the Government's Help to Work scheme. Young people see Europe only as a benefit to businesses, whereby businesses can get grants. I am in the 19-24 age range. One quarter of our generation in Northern Ireland is unemployed. How do you expect to get to this generation and let them know of the opportunities that exist from Europe?

Ms Morrice: Obviously we are talking about different categories of young people. The youth guarantee programme that Colette managed is trying to get young people back into employment and guaranteeing that they will be after four months. At the other end of the spectrum, you have the ERASMUS programme. It is quite interesting because it used to be just for university students and now it has been opened out. I see that David Alderdice is here. He is in charge of the ERASMUS programme in Northern Ireland through the British Council. It has now been opened out completely and is allowing people — the unemployed, those in work, women, young people and even pensioners — to experience work abroad. You can imagine the opportunity that it is to go abroad and work for six months or a year.

You know very well that a lot of people complain about workers coming here. However, there are opportunities for us and our unemployed to go there, and those opportunities are not being taken. A big issue is that the United Kingdom had the lowest uptake of the ERASMUS programme and Northern Ireland had the lowest uptake in the UK. That is what we were known for, but I understand that that is now changing. We are trying to get more people out there. Young people getting opportunities is not just about funding coming in for training. It is also about getting out there.

Ms Fitzgerald: I would echo what Jane has said. The core of your question is how we reach people. One of the things that are often said about Europe is that it does not grab people by the heart. It has often been said that the most successful pan-European event of all has been the Eurovision song contest, which we will all have enjoyed last weekend. Europe is trying. When I say "Europe", I mean the Commission and the institutions; but, again, contrary to popular opinion, the Commission is actually a very small organisation. It is not a vast army of bureaucrats. There are more people employed in the Inland Revenue of the UK alone than in the entire Commission. So there is a limit to what is commonly known as "what Brussels can do." The way Brussels acts is through cooperation

with the member states and regions. I think that tonight you will have seen a pattern emerging from some of the comments: that the UK is the most underrepresented within the Commission, and that it has the least take-up of programmes. That is part of the national attitude towards the European Union. It is as simple as that; you cannot gainsay it, and Northern Ireland suffers as a consequence.

So my view is this: whether you like it or not, you are in it and you should make the most of it. Other countries do that. If you go on holidays to Spain or Portugal — again, it is one of the benefits of the EU that we can all travel easily and take our money with us and all the rest of it. We can retire in the sun, if you want to and you can still afford it. One of the things that you notice, or certainly, I notice it, maybe because of the job — I hate to bring up the issue of "flegs" — but you will see the European flag flying outside buildings in different European countries. That is never the case in the UK. In fact, one of the Ministers last year actually got taken out of EU law, as it applies to the UK, the provision that the managing authorities of the structural funds — these are the programmes — had to fly the EU flag outside their building for one day every year, 9 May, Europe Day. That provision was a way of publicising what the EU does for you; and the UK even got that taken out of its legislation.

So there is a limit to what the European Union can do. We have been talking today about the task force and the two-way engagement which is vital, but I think you must ask your own Departments and public agencies this: what are you telling us? What more can you do for us vis-à-vis Europe?

Professor Phinnemore: I think that you can see what I have written down here. Both the other speakers gave us a bit of a focus on funding. I have it written down here: "Is focus on funding a big problem for Northern Ireland?". That is, insofar as we do not necessarily think about the benefits or otherwise of European membership. That will be very important in the debate coming up because we are seeing a progressive decline in the amount of funding. I think it links into your question: what is the benefit for youth? As we associate the last four or five years with increased youth unemployment and there is no real sense of that coming down, quite rightly, questions will be raised.

I put a lot of the blame at the doors of the political parties. There has been a systematic failure on the part of most of the political parties — there are some exceptions — to really discuss Europe, partly because it is a toxic issue in the UK context. An optimist would say that a referendum coming up is actually going to force parties to make a case for Europe. I think that that case can be made, and this refers to young people and older people as well. It is on the guaranteeing of certain rights. Certain rights would not be there in our society if it were not for the European Union and the Council of Europe. There is that notion of relative stability, compared to what previous generations have had to deal with. We look, totally aghast, at what is happening at the moment in the Ukraine. How could that happen in the rest of Europe? It could not. That is partly because of organisations like NATO and the European Union. There is an issue of mobility. We would not have a lot of the mobility that we have without the EU. We would not necessarily have —

I will stop there, but I think that there is a big challenge for the European Union and also for political representatives, to create a narrative as to why Europe is there. We know why it was set up and why it continued. However, particularly in the context of the UK discussion, I do not think that we necessarily have the input from political leaders that we possibly should have.

Ms Morrice: In the education curriculum as well, we should educate young people to understand more about how our Governments work and how the whole system, from Europe down, works. That would also help.

Dr Stuart: OK. Thank you very much everybody. I would like to thank our speakers. Obviously, there is still a lot of debate to be had, and I think that that has really just whetted our appetite. We will see how the elections go next week; then we have the event with Gerry Mulligan in September; and then another education visit in November. I thank Jane, David, Colette and Mike, in his absence. Please thank the speakers in the usual way. *[Applause]*

I also thank the members who contributed to the question-and-answer session. That makes it a much more stimulating event as well. As Judith said at the beginning, can I ask you please to complete your feedback forms? We are keen to get your feedback and see how we can improve these events.

The next meeting of the Northern Ireland Assembly and Business Trust will be the annual general meeting (AGM), which takes place on 16 June from 4.30 pm in the Long Gallery. Obviously, there are the formalities of the AGM, and then Alastair Hamilton, the CEO of Invest NI, will speak to us. Maybe we will get an opportunity to touch on some of the EU areas that you mentioned. One thing that will happen is that a couple of trustees will be stepping down from the board of the Assembly and

Business Trust, so I ask all our members to consider whether you would like to nominate yourself or somebody from your organisation to get more involved and become a trustee of the Assembly and Business Trust.

Thank you very much for coming this evening, and I look forward to seeing you at the AGM.