

Northern Ireland Assembly and Business Trust

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Chairperson: Mrs Judith Cochrane MLA

Mrs Cochrane: Ladies and gentlemen, I am delighted to welcome you to the first Northern Ireland Assembly and Business Trust briefing of the new session. We have only been back on the hill a few days and already it feels like we were never away. It is back to porridge and playground games. As this is my first Business Trust briefing session as the new chairperson, I would like to thank my predecessor, Phil Flanagan MLA, for all the hard work he has done over the past year.

Today's topic is "How will the European Parliament elections affect your business?". We are already almost four months post the European elections, when we returned the same three Northern Ireland MEPs. That does not mean that there is not a fresh opportunity for them to deliver for us in Brussels. Gerry Mulligan, who is head of the Northern Ireland Executive office in Brussels, is here to explain the mysteries of the European Parliament and the important impact that it has on businesses in Northern Ireland.

I have attended some of the previous Business Trust trips to Brussels. I found being there and meeting the MEPs and the decision-makers and staff of the Northern Ireland Executive office a really worthwhile experience. I look forward to going again this year, in November. Before I hand over to Gerry, I will just point out that there will be an opportunity to ask questions when he has finished, so please take that opportunity. Please identify yourself when you ask a question, and let us know where you are from.

Gerry, you are very welcome to Parliament Buildings today; the floor is all yours.

Dr Gerry Mulligan (Office of the Northern Ireland Executive in Brussels): Good evening, ladies and gentlemen, colleagues and MLAs. I am used to the protocol in Brussels; generally, we are mindful of the fact that the office hosts many significant people from Brussels and we benefit from that because we get a lot of attention as a regional office. We are in competition with about 250-plus regional offices and, as Junior Minister Bell said in the debate just this afternoon, we punch well above our weight. In fact, talking about this afternoon's debate, I must compliment either the Assembly and Business Trust or the Assembly's Business Committee for getting the timing spot on. Not only did they get the date right for me to be here during an important Assembly debate, but they got the timing right so that the debate was over before this event. Congratulations to either the business trust or the scheduling committee.

I will speak for about 20 minutes and then leave about 10 minutes for questions. Unfortunately, I am going to use the ubiquitous Powerpoint. Someone once said that Powerpoint actually shapes the way that you think about things. If Powerpoint had been around in Shakespeare's time, it would have been a case of, "Here are six things that Hamlet said about Denmark". I say that by way of apology.

There are three things that I want to cover in this evening's talk. I want to say something about some of the significant changes that are afoot in Brussels as we speak. I suppose that that started with the European elections in May and is continuing with the nominations for the college of Commissioners and the agreed nominations for the new president of the Council, all of which will have significance for us as a region. I also have some breaking news in that only today we heard of some suggested nominations for key Commissioner portfolios. This is on the basis of a leaked document so, because

this is being recorded, I disassociate myself entirely from that document. I will mention it later with a cautionary note and a government warning.

It goes without saying that 2014 has been a significant year of change. The elections to the European Parliament, the new head of the European Council to replace Herman Van Rompuy and, as we speak, the new Commission president with 27 member states' nominated Commissioners. The May elections were significant, and their significance is underpinned by the powers that the European Parliament now has under treaty that it did not have before the treaty. In particular, the European Parliament is now part of a co-decision process. Virtually nothing gets agreed in Brussels without the agreement of the European Parliament.

I was speaking not so long ago to Declan Kelleher, who is the Irish ambassador to the European Union and has just come back from being Ireland's ambassador to China. He was saying that he had worked previously in Brussels as the deputy to Ireland's Representation in Brussels. He noticed two things most markedly. One was the increased size of the European Union, which now has 28 member states, and with that the increased administrative overhead for the Commission, which many, particularly the Commission itself, feel has not expanded proportionately to meet the increased membership. He said that the other significant change was the role of the European Parliament.

Some of this is really just for your information later on. I am not going to comment other than just in drawing your attention to the fact that the magic number is 751 and the distribution correlates with the size of each member state. Even now, there are discussions among MEPs about possible changes in the next election to Parliament. They are talking, for example — this is highly speculative — of transnational lists whereby we get to vote not only for our local MEPs but a list of MEPs who put themselves forward on a European basis. That is one suggestion and would obviously require treaty change, but it is the kind of change that is being discussed in the corridors of the European Parliament.

I have colour-coded the groupings. The political spectrum is represented right and left to correspond with right and left in politics. The largest block was the EPP, the European People's Party, at 221 followed by the Socialists and Democrats. Those are generally considered as the centre-right and centre-left parties. That was really the distribution of the previous Parliament as well. There has been an increase, which the media paid particular attention to, in the more populist parties, the more extreme parties and the anti-Europe parties such as UKIP but, by and large, the distribution is broadly similar and is characterised by many in Brussels as business as usual. You might find that, because of the reduced size of the middle block, some policies will be moderated because of the reduced overall majority that that block has. So, there may be some moderation of policies to accommodate the more extreme views. Interestingly, there was not a coalition of the right sufficient to be awarded a block status in the European Parliament, and with block status comes benefits such as staffing, accommodation and so on. But the various groups that make up the more extreme right were not able to come to an accommodation. The other point is that none of the more extreme groups to the right or left were able to secure committee chairs as well, and there was annoyance among some of them that felt that, by virtue of their numbers, they deserved to have it, but then that is the politics of the Parliament for you.

With our own MEPs Diane, Jim and Martina, it probably goes without saying here that they do important work. I will not dwell on it but will just give you an example. This is Diane's second term, having been re-elected. She was the lead negotiator on the cod plan for the EU in the last mandate of the Parliament. Jim is currently leading on the transatlantic trade negotiations on agriculture. That is a significant role for Jim. In the last mandate of the Parliament, Martina was the deputy rapporteur on the tobacco directive. So, that gives you a flavour of the importance of our MEPs and the work that they do in Brussels. I am not just saying that because I meet them frequently and I want to be nice to them; they really do work very hard with their staff.

There are now new rules for the election of the Commission president. If you have been following the controversy around the Commission president, you will know that the UK had some reservations about that procedure, which, under the Lisbon treaty, requires the European Council to take account of the outcome of the European elections. There was a lot of debate as to what "take account" actually means. That process was referred to as the Spitzenkandidaten process, which really boiled down to the leader of the main political group in the Parliament being able to nominate their preferred candidate for the president of the Commission. On this occasion, the nominee was Jean-Claude Juncker, the previous Prime Minister of Luxembourg. He now has the job of interviewing the various nominations from member states for Commission posts. Once the nominations have been agreed, the Commissioners individually will be interviewed or auditioned by relevant committees in the European

Parliament, and there will then be a plenary vote on the entire college of Commissioners later — October is possibly the target date — and for the new Commission to take up office on 1 November. That is the sort of timescale. Again, you can see the important role of the European Parliament in the process. The president-elect, Jean-Claude Juncker, has stated already that, through a three-year plan, he wants to raise £300 billion in investments and create jobs. Three interesting priorities that he has announced so far are a minimum wage in all member states, reducing red tape for SMEs, and ensuring Europe's energy security. Obviously, the crisis in Ukraine underlines the importance of that particular priority. He will then need to agree a more comprehensive set of priorities with the college once it is up and running, but he said at a very early stage that those three things were priorities for him. Of course, as the president of the Commission, he will have the right to propose. As I said before, it requires agreement in European Council, which represents Ministers and heads of state, and in the Parliament before any particular policy is enacted or adopted. As I said, we are now in a process of negotiation. During October, the committees will question the 27 candidates, and then the whole of the Commission will be subject to a confirmatory vote by the Parliament at the end of October. The start date is scheduled for 1 November.

Just to put faces to the names, you will probably be familiar with Herman Van Rompuy, who has chaired the European Council up to now. Donald Tusk, the Polish politician, is the new chair of the European Council. The High Representative for Foreign Affairs, which is a post previously held by Baroness Ashton, will be taken by Federica Mogherini from Italy. There was some controversy around her nomination; some felt that she did not have sufficient experience, but, eventually, she was accepted by Council as the high representative. In that role, she will be responsible for the External Action Service and implementing the European Union's foreign policy. As for the nominations closer to home, we have Lord Hill, and Ireland has nominated Phil Hogan. The hope is that Phil Hogan will be given the agricultural portfolio, and the UK was looking for a significant economic portfolio for Lord Hill.

This is where I come to breaking news. Particularly because this is being recorded, I stress that I have nothing to do with the leaks of this information, and nor can I stand over the veracity or accuracy of the course, but it is seen as a reasonably good indication of the way in which the college is likely to shape up that there will be six senior vice-president Commissioner posts. The change, if it comes about, is that the vice-presidents, or super-Commissioners, will have a coordinating responsibility that the previous vice-presidents did not have. That will be reflected in their briefs.

I will go through the briefs, and you will see how they lend themselves to a coordination role. Budget and financial control is going to Poland. The European semester and social dialogue is going to Estonia, allegedly. The European semester is an annual process within a six-month period where member states will set out their stall in terms of what is referred to as their partnership agreement and proposals for economic social environment and environmental development. The Commission then formally responds to that with what are called member-specific recommendations. That process is repeated annually. That will be overseen at the more senior level by the Estonian nominee. Latvia is likely to get the senior post of energy union. Digital innovation is going to Slovenia, and better regulation is going to the Netherlands. That will particularly please the UK Government because the Netherlands is a strong proponent of better regulation and less red tape. Our Minister was talking about that today during the Assembly debate. Foreign affairs and security goes to Italy and Federica Mogherini. That is confirmed, whereas the others are speculative at this stage. I do not think Paddy Power will be taking any bets on those at the moment.

I have some other suggested Commissioners; it will be interesting to see whether they are borne out. It is felt that Ireland will get the agriculture brief. That would be of very high significance for us, given that our experience of working with the Irish Commissioner in the past has been very positive. Máire Geoghegan-Quinn was the Commissioner for Research, Innovation and Science. While never biasing decisions towards us, she was always available and liberal with her advice and officials. I think that we probably got more attention per capita from that Commissioner than we would have otherwise got. If Phil Hogan is indeed the Irish Commissioner, my instructions are to go and have coffee with him as soon as possible to make myself known to him. That is something that is actively being pursued.

It looks like energy and climate is going to the UK. I do not think that that would necessarily have been the first choice, but, as I said before, these nominations are through a process of negotiation. Hopefully, this is not being live streamed anywhere. Again, I stress that this is on the basis of Brussels gossip.

Regional policy is going to Croatia. I mention that because the regional policy Commissioner, Commissioner Hahn, was particularly important to us in overseeing structural funds, the Peace programme and INTERREG programmes, so we have a particular interest in that. I cannot pronounce

the person's name; Paul, can you help me with the Commissioner's name? It is Mimica. Again, if that is the case, we will be beating a path to his door as soon as possible.

It looks like trade is going to Germany. I am mentioning only some; I cannot go through them all. These are the areas that will be of importance to us.

Competition is going to France. I understand that Monsieur Moscovici is disappointed with that, even though competition is very important. It oversees the rules governing state aid, for example. It was particularly important for us in our negotiations with the previous Commissioner, Commissioner Almunia. It will be interesting to see how that shapes up.

Neighbourhood goes to Austria. I mention that because it is Commissioner Hahn, who was, previously the Commissioner for Regional Policy. Among other things, he will have to deal with the very tricky problem of Ukraine. That draws on his experience in regional policy.

Fisheries will go to Malta. There is nothing to say about that.

I think that those are the main ones. I could go on, but those are the ones that struck me as being most relevant to our interests.

Speaking of our interests, I thought that I would spend a little bit of time talking about small and medium-sized enterprises, the importance of change in the next mandate, what is being currently proposed, what budgetary provision there is that will be of interest and value for SMEs. Jean-Claude Juncker has stated how important SMEs are:

"SMEs are the backbone of our economy, creating more than 85% of new jobs in Europe".

He said that we must make use of public funds at union level to stimulate private investment. It is crucial that we have starter investment, more focus, less regulation and more flexibility. The growth of jobs will only return if we create the right regulatory environment. Again, that comes back to the regulatory environment.

The importance of SMEs to the economy goes without saying, particularly among this group. If you look at it on the island as a whole, you will see that there are 300,000 SMEs employing 1.4 million. They represent 70% of our total workforce. SMEs represent 99.9% of all enterprises in Northern Ireland. At European level, there are 20 million SMEs in the EU. That represents 99% of businesses. The European Commission aims to promote entrepreneurship and improve the business environment for SMEs. I did not check on this statistic, but someone said that, if each SME in Europe was to increase employment by only one, that would eliminate unemployment across Europe, such is the importance and significance of SMEs. So, money is obviously very important. It is not the only important thing, but it is one thing that the European Commission does that is directly relevant.

Just to dwell on some of the important things for SMEs from the previous programme, which was the sustainable competitiveness programme 2007-2013, there is a strong emphasis on promoting research and technological development. The programme gets funding from the European regional development fund at a value of £470 million in total over that period, which is very significant. Around 55% of the funds were designated to Invest Northern Ireland programmes, again showing the importance of Invest Northern Ireland in the delivery of the programmes. That is a point that I will come back to in a minute.

I will not dwell too long on this, but the Gateways to Growth project is an example of one programme in the previous round that was funded. Its objective was to support European SMEs interested in expanding their businesses in the Japanese and Korean markets. In Northern Ireland, the Chamber of Commerce recently carried out a survey, which showed that 70% of SMEs that were involved in the programme have a better attitude to doing business on a cross-border basis, which was very significant, but also 68% of participants reported an increase in turnover in the past six months, while 78% reported an increased confidence in their ability to export. Again, that emphasises the importance of EU-funded programme such as this.

For the coming period, the European Commission has structured its support to SMEs into four areas — three financial and one non-financial. There are thematic funding opportunities, structural funds, financial instruments, such as soft loans and loan guarantees and novel financial instruments, an example of which might be the microfinance initiative and support to the internationalisation of SMEs, encouraging partnerships and working across borders. Do not try and absorb the detail of this, but it is

an example of where the Commission has really got the message about SMEs and the need to simplify the process for SMEs to engage and make it easier for them to engage, in this case, in the research and development Horizon 2020 programme. They have listened to the difficulties that SMEs have reported, particularly around the risk of investing a lot of money into an application for a research and development grant with no guarantee of success. So, they have divided it into three stages.

First of all, there is the concept and feasibility assessment of an idea. That requires the SME to present their idea in a relatively succinct way. I have seen the form and it is 10 pages, as opposed to 30 or 40 pages, which used to be the norm. If they are selected, they are automatically eligible to funding of £50,000 to get them to the second stage, which is the demonstration of the marketability of this, and that is the full-blown proposal. During that stage, there will be advice available, as well as funding to help the SME through that second stage.

That brings you to the commercialisation stage where there would be continued advice and support from the Commission. So, the risk at the outset is less and the financial support to take it to the next stage is greater than previously. That is one innovation that I think is really worth being aware of, particularly if you are an SME that would not have otherwise gotten involved in European funding. I will just give a quick summary of the applications to date on that particular programme. They were dated June of this year, and you can see the distribution of applications under the SME instrument under Horizon 2020, and Spain has the largest number of successes at stage 1. Those are the projects going to stage 2.

The feedback that we are getting from the Commission is that there is a very high dropout rate. The success rate is about 20%: one in five makes it. They say that they still find that the SME applications are too pure, if you like: they do not necessarily convey the marketability of the project; they are interested more in the concept; and they do not think it through to the end product. That feedback is being given to our SMEs through seminars which I have organised here; but that is, I suppose, a bit of a disappointment, in that the Commission would have liked to have seen a higher level of successes going through. But it is early days yet.

OK. I mentioned Invest Northern Ireland. The Enterprise Europe Network is a network of organisations that is there specifically to advise, help and assist entrepreneurs and SMEs in engaging in Europe. Invest Northern Ireland is the organisation designated within that network to help and assist here in Northern Ireland. In the Republic of Ireland, the Dublin Chamber of Commerce and Enterprise Ireland are the two nominated organisations, but here it is exclusively Invest Northern Ireland. I would mention too, in passing, that the Commission has identified what it calls SME envoys, one for each member state. They form a committee that SME-proofs legislation and policy. We have an SME envoy in London and we might find an SME envoy materialising at a regional level. Certainly, we know from what some senior Commission officials have said that at director-general level they would not be averse to a regional envoy as well. So that is what happens here with Invest Northern Ireland.

I would like to say something about what we do in Brussels to help. Our office was established in 2001 to underpin the Executive's commitment to European engagement. The mandate that we were given by the Executive at that time has not changed. We refreshed it a couple of years ago, but it was generally agreed that these remain the things that we need to do to support Northern Ireland's engagement with the EU; and, by that, we do not mean just Ministers. We support all organisations and sectors that are doing business in Brussels to the benefit of the region. Those of you who have been out with us will have seen what we do in the office and how we help the various sectors: the private sector, voluntary sector and trade unions as well as our Departments. I just want to emphasise that. We have an excellent facility out there; and we want to have it widely used. We ensure that Northern Ireland has the opportunity to engage in policy-making with the EU institutions. We rely on all our contacts there, but increasingly our MEPs are very important to us in getting access to Commissioners and getting over our point of view, and again that is as a result of the Lisbon treaty. And to raise the positive profile of Northern Ireland: its culture, arts and labour force. That is done largely through showcasing the things that we do well, whether it is in sport, arts or culture. I have it in my sights to get Carl Frampton out at some stage; that really would be a coup. I did not get a chance to speak to the deputy First Minister before he met with Carl yesterday, but that would have been my suggestion. However, we are working with Sport Northern Ireland on that.

Just very quickly, this is where I fit into the scheme of things. Malcolm is the head of the service, and Mark is the director of international relations. Mark oversees Brussels, Washington and possibly any other international offices that we might open in the future. Within that, I have responsibility for the EU division, which has two parts: a Brussels-based part and a Belfast-based part. I distinguish between

those two in that, in Belfast, we are responsible for liaison with the institutions here, including Whitehall and Dublin; but in Brussels we are liaising with the European institutions. That is the main distinction between the two.

For those of you who have not visited us, one corner of our very excellent offices has a view which I think is unsurpassed. We have the most delightful view over Parc Léopold, and in the background you can just about see the European Parliament. That is how close we are to the Parliament. We are about the same distance from the European Council headquarters and the Berlaymont as well. So, we really are very well placed. In fact, when you come over, you know that you can generally walk to most of your engagements.

We have an excellent seminar facility as well. I feel as if I am now doing the selling bit. *[Laughter.]* Those of you who have been over know how good the office is and what a resource it is for people doing business in Northern Ireland. This is Paul Muldoon. I do not know whether any of you are poetry buffs, but Paul is a Pulitzer prize winner and has an international reputation. He agreed to come over and do a lunchtime recital for us, which was very well attended. I make no bones of the fact that this enables us to get significant people into the office. The hidden agenda here is networking, which we do particularly well.

Sorry for going on a little bit too long, but I want to finish by talking a little about the Brussels programme. We are welcoming you out on 17, 18 and 19 November, and I just wanted to take your view on what we might want to set as objectives for that visit. These are things that I see as having been beneficial in the past, and I want to take your view on whether you think they are still appropriate.

The first objective is to learn about the work of our Northern Ireland representatives, not just our MEPs but our representatives on the Economic and Social Committee and the Committee of the Regions, which are influential organisations that the Commission is obliged legally to consult with. We would like to you get a feel for the work of all our Northern Ireland representatives there.

The second objective is to gain an understanding of emerging EU priorities. I have mentioned a few already, but, by that date, we hope that the college will have agreed its priorities or at least have a clear idea of what the emerging priorities are.

The third objective is to hear different perspectives on the implications of those priorities from member states, MEPs, Commission staff, regional offices and business representatives.

That is the set of objectives that I suggest for the visit in general. We will then try to populate that with appropriate people and organisations, if you feel that that fits the bill.

There I will end it. Thank you very much indeed. I welcome questions.

Dr Joanne Stuart OBE: Thanks, Gerry. We have some time for a few questions. There was quite a lot in that presentation. Does anybody have a question that they want to ask Gerry?

Mr John Simpson: Gerry, have you any authoritative statement to make on the applications of those wanting to become members?

Dr Mulligan: As an official, I cannot make any authoritative statement without running it past my Minister.

Mr Simpson: What is the official position?

Dr Mulligan: The official position in the Commission or in the Executive? I get a sense of the atmosphere in Brussels from speaking to officials, but there is no official position. They will give you a view on it. It is interesting to see interventions by senior European figures. Barroso himself said that it was not a foregone conclusion that Scotland would automatically be eligible for membership. More recently, Olli Rehn, the previous budget Commissioner, stated that, if Scotland intended to use sterling as a marker without having a central bank, it would not be eligible to join, because that is part of the rules of membership. So, you are beginning to find a degree of caution and concern. I think that, like any politically diverse organisation or organisations, you will get very different views, and I have come across the whole spectrum.

There is concern among some about the implications that that would have for other regions. Catalonia in particular comes to mind. I think that that is driving some of the negativity that I am hearing from

some of the Commission people. Certainly, the Spanish representative has those concerns. Indeed, other regions have ambitions to gain independence from member states.

It is a concern, but I see the whole spectrum of support and opposition. That is putting it diplomatically.

Ms Roisin Hughes (Norbrook Laboratories): You spoke a lot about the opportunities available to SMEs. I would be interested to hear what opportunities there are for Northern Ireland's global enterprises, particularly through Horizon 2020.

Dr Mulligan: Those that operate on a global scale tend to be the larger organisations. I am sorry for sounding negative about this, but the current rules tend to be prejudicial, certainly regarding state aid. The current draft state aid rules, as they apply to larger organisations, are not helpful. That said, we will continue to lobby on a case-by-case basis where there are state-aid decisions that are affecting large firms who operate on a global scale.

I mentioned the SME instrument within research and development, but that is a ring-fenced area of about £17 billion. However, there is a difference between that and the £70 billion, which is still available for other organisations. If you look at some of the participants in the likes of transport research and development, there are big players. I am thinking of the likes of Rolls Royce and, closer to home, Bombardier. So, there is nothing to prevent larger organisations also participating and applying for funds under the research and development part of Horizon 2020.

There will be legislation that will impact in various ways. For example, larger firms — again, I am assuming that those that operate at a global level tend to be larger — may need to include, under the recent directive on social responsibility, statements in their annual reports as to what they are doing to promote social responsibility. That, again, is an impact and needs to be factored into their publications.

Procurement is another example of an area where the rules are going to apply in a way that should make things easier. The rules will be policed in a way that means that organisations here will be eligible to apply for, and respond to, tenders that are produced in other member states. So, to try to internationalise, and I mentioned that before, the European Union will be promoting procurement rules that allow for participation internationally. Those are some of the areas that we need to look at. There is a whole spectrum of things that will impact, both positively and, arguably, negatively on larger firms that tend to work on a global scale.

Ms Shauna Mageean (Northern Ireland Assembly): You talked about the leaked document, which, if it is to be believed, says that the UK will be assigned the energy and climate change commission. It was widely reported that the UK was lobbying hard for a more economic or financial portfolio. The fact that they are introducing a new vice-president for climate change means that, if they get that portfolio the autonomy for the commission could be compromised. Is there a feeling that that is evidence of David Cameron's negotiation skills in Europe or lack thereof and that it could potentially damage him in the UK because it would give impetus to his opponents, who would say that his failure to secure the portfolio he wanted would be replicated in his attempts to renegotiate the UK's membership of the EU?

Dr Mulligan: First, I would not underestimate the importance of the climate and energy portfolio. It is extremely important and there will be a relationship with the vice-president with responsibility for this across all the DGs. Ultimately, these allocations are down to political negotiations and the outcome is difficult to predict in terms of the rationale behind it and the possible implications for the future.

Based on my experience of the UK Representation, of which my office is a part, I see no evidence of lack of negotiating skills. They are extremely adept and are recognised as such, and that is one of the reasons why there is a worry among a number of member states at the prospect of "Brexit", as it is called, of Britain withdrawing, because they are so valuable and there are so many member states that recognise that they espouse many of the values that the European Union espouses. It is an open, liberal economy and that is something that is extremely important but I would not accept that it suggests any lack of negotiating ability. I see very strong evidence of good negotiations.

Mr Donald Thompson: You are part of the UK office; how much competition is there between the UK regions in lobbying and seeking assistance? Of course, the UK is itself competing against other member states. How does that work in practice, numbers-wise?

Dr Mulligan: By the regions do you mean the other devolved authorities in Scotland and Wales?

Mr Thompson: Yes. It is also about the numbers, because we have three MEPs from a total of 70-odd from the UK. I notice that Malta has six MEPs, which is interesting. I am just curious how it works. How do we promote Northern Ireland, which is part of the UK, as opposed to, perhaps, other parts of the UK, never mind other member states?

Dr Mulligan: There can be no doubt that — it is a given in European politics generally — the stronger the bloc of support you have for a particular position, the more likely it is that you are able to succeed. One outgoing deputy head of the UK rep used the phrase, "you ride all your horses". You look for support and allies from whatever quarter.

In my experience, Europe is a process of shifting alliances. You might find that the Netherlands will support you on a UK position on regulation but not on the environment, although I am not saying that that is necessarily the case. You operate on a pragmatic basis; you look to see who will support you, either at a member state level or a regional level, and you engage with them to try to garner as much support for your position as possible.

There is no sense of competition; we would never in any way describe it as competition with the 260 other regional representations. In fact, we work in cooperation with them, particularly when it comes to trying to make business connections. One example of that is Connected Health, where the permanent secretary of the Department of Health chairs a group of regions, all of which were accredited with what was called reference site status. Northern Ireland was a three-star reference site for its work on e-health. We have about a dozen regions that come to our office, chaired by the permanent secretary of the Department of Health, which collaborate on future projects as a group. That is an example of where we cooperate. I cannot think of any examples where we have found ourselves at odds or at loggerheads on particular issues. Success in Brussels relies on networking and partnerships. In that sense, the more you have agreeing with you, the better.

Dr Stuart: Northern Ireland has been announced as the European region for innovation and entrepreneurship. How can we maximise that because that is for a whole year, mostly being led by NILGA at the moment? How do you think business can maximise that or what can we do to make sure we get the most out of that?

Dr Mulligan: We certainly made the most of it during the Committee of the Regions awards ceremony. It was widely publicised that Northern Ireland had been successful in its nomination. We would use that in the context of partner searches. Anyone who is involved in partner searches should emphasise, if it is in the health area, our status as a reference site region. If it is in entrepreneurship generally, it should emphasise the accreditation as a — I cannot remember exactly the title but it was a very impressive title. That is where it comes into play most: in partnership searches.

Mr Stephen Kelly (Manufacturing Northern Ireland): Gerry, we were on the trip with the Assembly and Business Trust last November. Just to respond to my colleague's question, I would certainly encourage people in the room to participate in the programme coming up. I found it a useful, engaging and informative couple of days. Good craic as well.

Dr Mulligan: Don't forget the craic. It's not all hard work. It's largely hard work.

Mr Kelly: Four dead, eight injured. No, I'm only joking. To go and experience it and see how your office works and they have speakers coming in and talking to us at the level they were at and understanding how that machine actually operates, you really need to see at first hand to fully understand it.

That is the promotion over. Moving to the question, the UK looks like it is getting the climate change/energy portfolio, so to speak. Europe's competitiveness against the rest of the world has been enormously impacted by the cost of energy as other places find cheaper sources of energy and are re-industrialising themselves. It is causing concern right across member states. Is there any sense from what is being said at the moment that that is going to be a priority, not just the sustainability or security aspects but the affordability as well?

Dr Mulligan: As you know, green energy is very high on the agenda. You cannot talk about green energy without talking about sustainability and cost — the cost to industry and cost to users. Equally, energy security is exercising the minds of the Commission, member states and parliamentarians.

I am not an economist. John might be able to elaborate on this but inevitably the risk of not being able to develop cheaper forms of energy is significant, particularly when we are faced with the worry of gas and the limitations in gas supply from Russia.

It would be wrong to say that it is a preoccupation but the cost of energy has to be high on the agenda. This is where research and development is being looked to by the Commission to find ways in which energy costs can be reduced in production, transmission or storage. Those are the sorts of things that keep appearing in seminar presentations from those who are involved in the energy side. The key to success there is through research and innovation.

Dr Stuart: On behalf of the trust, I thank Gerry for coming in and speaking to us today. I thank those of you who took part in the questions and answers.

Like Judith and Stephen, I attended the European trip last year. It definitely opened my eyes to the importance of Europe and how we can engage. We have had a really good response to the trip that we are going to have in November. All the places are taken at the moment. However, we are opening a reserve list, so, if anybody is interested, you can put your name down and, if any places become available, it will be on a first-come-first-served basis.

I remind you that the next briefing will be on Tuesday 14 October at the same time and in the same place, and the topic will be the Belfast rapid transit system. It will be delivered by Danny Kennedy, the Minister for Regional Development, and Jimmy Spratt, the Chair of the Regional Development Committee. That should be another interesting briefing.

You have feedback and evaluation forms on your chairs. We would much appreciate it if you could fill those in. We introduced a slightly new initiative today to help facilitate better networking. Again, if you have any comments on that, we would be really interested. We look forward to seeing you at the next briefing. Thank you very much.