Welcome to this month’s edition of the EU Committee Digest. Since our last edition in February, we have published five substantial reports and two shorter reports. It doesn’t need me to say that the EU is a complex entity – and the UK’s relationship with the EU is almost as complicated. Our reports aim to contribute to the debate on the EU, considering significant issues of domestic policy – such as the Government’s approach to the UK’s JHA opt-in protocol – or broader themes, such as relations with Russia, the EU’s alcohol strategy, civilian use of drones or regional marine co-operation.

Alongside what I think are forensic and detailed reports, our scrutiny work continues. The Energy Union proposals and the rules of procedure on the General Court are just two of the issues that have been examined by the Committee in recent weeks.

Finally, in a few days’ time, Parliament will be dissolved, and the election campaign will formally start. One consequence of dissolution is that all committees cease to exist until they are reappointed at the start of the new Parliament. We look forward to the challenges that, whatever the outcome of the election, the new Parliament will undoubtedly bring!

As ever, I welcome any feedback on our work: please feel free to contact me on euclords@parliament.uk

Lord Boswell of Aynho

EU Budget Scrutiny

On 24 February 2015 the Committee heard evidence from the Financial Secretary to the Treasury, David Gauke MP, on the EU Budget. The Committee asked the Minister if he agreed that the EU budgetary process was no longer fit for purpose, and if the relationship between payments and commitments had irretrievably broken down. The Minister was questioned about the work of the High-Level Group on Own Resources, and the October 2014 request from the Commission to the UK to make a €2.1 billion payment to the EU Budget on account of GNI and VAT adjustments.

The Committee also asked the Minister whether the Commission’s Investment Plan for Europe, and specifically the Regulation establishing the European Fund for Strategic Investments, risked creating unrealistic expectations. The Committee stressed the need to ensure that the projects chosen supported jobs and growth in the European economy, and queried whether there was a danger that the majority of funds would flow to wealthier EU Member States, while vulnerable Member States in the Eurozone periphery were starved of investment.
### Capital Markets Union


The report, following an inquiry by the Economic and Financial Affairs Sub-Committee, welcomes the Capital Markets Union proposals, which form a key element of the Commission’s jobs and growth agenda, as a timely and necessary step in promoting a sustainable economic recovery across the EU. In particular, CMU provides an opportunity to create a properly-functioning single market in capital by diversifying funding and improving investment opportunities across the EU.

The Committee calls on the Commission to balance the need for enhanced access for companies to capital and investment opportunities with the need to ensure adequate protection for consumers and investors. The Committee also stresses the need for realism – capital markets should complement not replace the traditional banking sector, and the state of development of capital markets varies considerably between Member States. Capital markets have the potential to boost economic growth in the EU, and the CMU represents an opportunity for the UK to positively promote the importance of capital markets, to the benefit of the UK and EU economies.

To launch the report, the Chairman of the Sub-Committee, Baroness O’Cathain, delivered a key-note speech at a conference on Remotely Piloted Aircraft Systems (RPAS), hosted by the European Commission and the Latvian Presidency in Riga, Latvia.

Stakeholders were given an opportunity to respond to the Committee’s report at an event on 12 March 2015. Businesses and individuals who had given evidence to the inquiry expressed their views on aspects of the Committee’s report, including the use of CE marking for small drones, access to funding for research and development projects, and the need to raise public awareness.

### EU Alcohol Strategy

The Committee published its report on *A new EU Alcohol Strategy* on 6 March. The Committee concluded that the 2006-12 strategy, while well-intentioned, did not focus on the right areas, and as a result achieved little. The Committee concluded that in developing any new action the EU should concentrate on what it can do to add value, over and above any initiatives by individual Member States. In particular, the EU should ensure that its own policies contribute to the reduction of alcohol-related harm and excessive drinking.

The Committee also recommended reform to the current EU alcohol taxation regime, which prevents Member States from raising duties on the most harmful alcoholic substances, and provides incentives to purchase drinks with higher alcohol contents. The Committee also recommended that the current EU rules regarding food labelling be extended to alcoholic drinks, so that labels would include, as a minimum, the strength, calorie content, guidelines on safe drinking levels, and a warning about the dangers of drinking when pregnant.

### The EU and Russia: before and beyond the crisis in Ukraine

Following an inquiry by the External Affairs Sub-Committee, on 20 February the Committee published a report on *The EU and Russia: before and beyond the crisis in Ukraine*. The Committee concluded that the EU must ratchet up sanctions on Russia if the situation in Ukraine worsens. While concluding that Russia’s action in a sovereign territory was unacceptable, the report outlined the mistakes made, in the run-up to the crisis, by the EU as well as Russia.

The Committee also stressed the need for the EU to look beyond the present crisis by reviewing the terms of its long term relationship with Russia. The report highlights areas where the EU might be able to work with Russia to develop a genuinely collaborative relationship. A video of the Chairman of the External Affairs Sub-Committee discussing the report can be viewed here.

### Civilian Use of Drones in the EU

On 5 March the Committee published its report on *Civilian Use of Drones in the EU*, following an inquiry by the Internal Market, Infrastructure and Employment Sub-Committee. The report endorsed Commission estimates that the civilian RPAS industry could support over 150,000 new jobs across the EU by 2050. It recommended that should not only be proportionate to risk but also harmonised across the EU to create an internal market. The Committee also advocated greater dialogue with the public over the benefits and hazards posed by the increased civilian use of RPAS.
On 19 March, the Committee held a public stakeholder seminar to discuss the report’s findings with academics, think-tanks, journalists and others. The seminar can be viewed [here](#). The House of Lords debated the Committee’s report on Tuesday 24 March.

### Regional Marine Co-operation

On 17 March the Committee published its report, *The North Sea under pressure: is regional marine co-operation the answer?*, following an inquiry by the Agriculture, Fisheries, Environment and Energy Sub-Committee. The Committee concluded that a great deal of work remains to be done to manage the economic activities in, and the environmental pressures on, the North Sea basin. The report finds that no existing body or mechanism has a broad enough remit to facilitate the political co-operation required to make the necessary step-change in the management of the North Sea.

The Committee recommends that the UK Government convene a ministerial conference that seeks to deliver the urgently needed political and strategic vision to sustain the North Sea for generations to come. It also recommends that the UK Government work with other North Sea Member States on the development of a pilot marine planning project in the North Sea.

### The Review of the Balance of Competences between the UK and the EU

On 25 March the Committee published its report on the [UK Government’s Review of the Balance of Competences between the UK and the EU](#). The report welcomes the Review as an ambitious piece of work, but criticises the Government for a failure to promote the Review effectively and a lack of clarity on its true costs. The report notes that the Government has gone back on an earlier commitment to draw together the analysis in the 32 reports in a single document. Such an overall analysis is vital if the Review is to have an impact on the wider public debate on the UK-EU relationship.

### The UK’s opt-in Protocol

Following an inquiry by the Justice, Institutions and Consumer Protection Sub-Committee, on 24 March the Committee published a report on *The UK’s opt-in Protocol: implications of the Government’s approach*.

The Committee urges the Government to abandon its interpretation of the opt-in protocol in the EU Treaties. The report considers the precedent that is being set by the UK Government seeking unilaterally to decide whether or not the UK is bound by particular EU measures, on the basis of their content, rather than their legal base; and reviews a series of rulings of the Court of Justice, in each of which the Government’s approach has been rejected. The Committee concludes that the Government’s policy “raises serious questions about the UK’s acceptance of the uniform application of EU law, the defining trait of the rule of law in the European Union”.

### Current scrutiny work

#### Annual opt-in report

The Committee recently received the [Fifth Annual Report on the UK Justice and Home Affairs Opt-in and Schengen Opt-out](#). The Committee was concerned about the Government’s delay in giving Parliament formal notification of any decision to opt in to a measure, or not to do so, or to opt out of a Schengen measure. Such notification is normally given by means of a Written Ministerial Statement (WMS) explaining the Government’s decision, which should appear within days of the expiry of the three month period allowed for the UK to opt in. The Government’s report showed that it is not uncommon for months to elapse before formal notification by means of a WMS, and the Committee has once again repeated its request that the Government provide prompt information to Parliament regarding opt-in decisions.

#### Energy and Climate Framework 2020

The Committee has continued its scrutiny of the Energy and Climate Framework 2020 proposals. In January it wrote to the Government, seeking further details on how the proposed strategic approach would function if the details had implications for another Member State; and on whether Member States should or should not be obliged to communicate their national energy plans to other Member States.

The Government replied in February, saying that it does not anticipate the introduction of a regime that affects the Commission’s current right to comment upon the details of national energy and climate change policies with cross-border implications.
Draft Rules of Procedure for the General Court

As part of the Committee’s scrutiny of the rewriting of the General Court’s procedural rules, a public meeting was held with the Minister for Europe, the Rt Hon David Lidington MP, on Monday 2 March.

The main subject of discussion was the ramifications of the Court’s proposed closed-material procedure, which had been brought in to deal with cases involving sensitive material in legal challenges to EU sanctions listings. The Committee wanted to explore the Minister’s statement that this procedure, which is opposed only by the UK, would “limit the types of information [the UK is] able to submit” to the General Court, because of the absence of safeguards protecting the State’s position.

Euro-denominated clearing houses

The Committee has written to the Government regarding the recent ruling by the General Court of the European Union on the UK’s challenge to the ECB policy on the location of euro-denominated clearing houses. While the Committee welcomes the Court’s ruling in favour of the UK, it asks whether there is a danger that the UK’s arguments that such a location policy was in breach of Single Market rules and did not respect the rights of all Member States, on which the Court did not rule, may be challenged in the future.

Pre-European Council Session, March 2015

A third pre-European Council evidence session was held with the Minister for Europe on 10 March, ahead of the 19/20 March European Council meeting. The Committee questioned the Minister on his views on the Energy Union proposals; on the proposed changes to the electricity market and the further integration of energy systems; and on the UK’s engagement in the EU’s climate diplomacy effort. The Committee also asked the Minister about potential new initiatives to break the deadlock in eastern Ukraine.

Groceries Code Adjudicator

On 11 March the Groceries Code Adjudicator, Christine Tacon, gave evidence to the Committee in relation to food waste and supply chain issues. The Committee asked her about the new power given to her to fine certain retailers up to 1% of their annual turnover for breaches of the Groceries Supply Code of Practice, about the Adjudicator’s remit, and about calls for an EU-wide Adjudicator and a binding code of practice.

Second Schengen Information System (SIS II)

The Committee has recently considered the UK’s accession to the Second Schengen Information System (SIS II), which is due to take place on 13 April 2015. The Committee believes that SIS II has the potential to improve the coordination of the fight against crime, and therefore that the UK accession to SIS II, though long awaited, is very welcome. Unfortunately, the Government failed to deposit the draft Decision for scrutiny, and it was therefore adopted before the Committee had cleared the document from scrutiny. The Minister has written to the Committee to apologise for this scrutiny override.

TTIP follow-up

On 26 February the Committee took evidence from Mr Edward Barker on the Transatlantic Trade and Investment Partnership (TTIP). The Committee reported on the TTIP in May 2014, identifying the potentially enormous gains from the EU/US trade deal, but also warning of the difficulty of achieving such a deal, and the real risk that the opportunity might slip away.

During the follow-up evidence session with Mr Barker, the Committee discussed the progress made in negotiating the deal, and reviewed public concerns regarding the impact that the TTIP might have on the NHS. The Minister, Lord Livingston of Parkhead, subsequently wrote to the Committee providing assurances that the NHS would be safe under the TTIP.

Youth Unemployment

Esther McVey, Minister for Employment, was questioned by the Committee on 16 March about Commission plans to speed up the distribution of funds under the Youth Employment Initiative. The Minister said that the Government supported the proposal, even though it would not affect the UK.

Following on from the Committee’s report Youth Unemployment: a scarred generation?, published in April 2014, the Minister said that 198,000 individuals had completed work experience, 83,500 had participated in the sector-based work academies, and 10,000 had benefited from the wage incentive under the Government’s ‘Youth Contract’. She said that in the last year the number of young people in work in the UK had risen by more than the rest of the EU combined.
Interparliamentary co-operation

Tripartite

On Tuesday 3 March a delegation from the EU Committee met UK MEPs and members of the House of Commons European Scrutiny Committee in Brussels, to discuss the EU’s energy union strategy, anti-terrorism measures and the Common Security and Defence Policy.

Common Foreign and Security Policy/Common Security and Defence Policy

On 4-6 March, Lord Tugendhat, Chairman of the External Affairs Sub-Committee, and Lord Bowness, former Chairman of the Sub-Committee, represented the House of Lords at the Inter-Parliamentary Conference for the Common Foreign and Security Policy.

Empowering women and girls through education

On 5 March Baroness Benjamin represented the Committee at the interparliamentary meeting organised by the European Parliament’s Women’s Rights and Gender Equality Committee on ‘Empowering women and girls through education’. The meeting provided the opportunity to discuss experiences and best practices on how to strengthen the rights of women and girls through education, as well as strategic ideas for the way forward.

The EU in the House of Lords

Questions for written answer

Eastern Europe
UK membership of the EU

Oral Questions

Greece (12 February 2015)
Ukraine (9 March 2015)
Cyprus: Russian Military Base (10 March 2015)

Statements

EU Council (23 February 2015)
Ukraine (25 February 2015)

Committee Report Debates

The impact of the European Public Prosecutor’s Office on the United Kingdom (19 March 2015)
EU and Russia (24 March 2015)

Other debates

Soft Power and the UK’s Influence (Select Committee Report) (10 March 2015)
The Review of the Balance of Competences between the UK and the EU (11 March)

About the Committee

The European Union Committee considers EU documents and other EU-related matters in advance of decisions being taken on them. It aims to hold the Government to account for its actions at the EU level. The work of the Select Committee is assisted by six Sub-Committees dealing with different policy areas.

The six Sub-Committees are Economic and Financial Affairs; Internal Market, Infrastructure and Employment; External Affairs; Agriculture, Fisheries, Environment and Energy; Justice, Institutions and Consumer Protection; and Home Affairs, Health and Education.

Our representative in Brussels is Dominique Gracia. She would welcome the opportunity to discuss the forthcoming work of the EU Committee and can be reached at dominique.gracia@natparl.ep.europa.eu or +32 (0) 2 283 1496.

Contact details

Further information about the Committee can be found on its website: http://www.parliament.uk/hlue

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