

# Wales and the European Union

## Annual Report for 2013 and Work Programme for 2014

### Introduction

This document fulfils a commitment in the Welsh Government's EU strategy, Wales and the European Union (2012), to produce an Annual Report on activities and progress along with an annual Work Programme for the forthcoming year. It reports on the individual commitments given under the various objectives in the Strategy and sets out the Welsh Government's approach to the European Union.

Wales and the European Union shows how the EU's goals, described in its own Europe 2020 Strategy, complement our Programme for Government and it identifies a series of objectives for the Welsh Government on relations with the EU, on policy areas and promoting engagement. It also outlines how we seek to influence EU policy-making.

The EU's seven year budgetary cycle, and most of the work on the associated legislation, came to an end in 2013, making that a particularly full year in terms of policy and legislative work. This contrasts with the five year political cycle, which culminates in 2014 with the elections to the European Parliament in May and the appointment of a new group, or College, of Commissioners in November or later.

This document was finalised in March 2014 to enable it to take account of the UK Government's list of priorities for engagement on EU policy and legislation, which was produced in February..

### The Welsh Government's objectives for its relations with the EU

#### Promoting and protecting the interests of Wales

The Welsh Government will identify EU proposals of significance to Wales and work to promote and protect our interests.

This is an overall obligation that has been fulfilled as outlined in the individual commitments below.

#### The Single Market: Trade and Investment

Stimulating exports and attracting inward investment are central to our strategy for growth and economic renewal. The Welsh Government continues to support the Single Market and will work with others to ensure a level playing field and a dynamic business environment across the EU.

## **2013 Annual Report**

The EU's Single Market continued to be our largest trading partner, despite the difficulties in the eurozone, and remains a major source of business opportunities for Wales-based companies as well as being a vital component in attracting investment into Wales from other parts of the world.

The Welsh Government is determined to support the Single Market, not least because it will play a vital role in creating jobs and stimulating growth in Wales and the wider EU. In 2013, we continued to place a greater emphasis on stimulating exports and attracting inward investment and, with a focus on the Single Market, recruited two trade and investment officers, based in the Welsh Government's Office in Brussels to take this work forward across the continent.

The officers have been in post since September 2013 and have engaged with European businesses aligned to key sector strengths in Wales to develop a flow of inward investment enquiries.

Strong relationships have been built with key multiplier groups in the region, notably chambers of commerce and UK Trade & Investment (UKT&I) offices across the continent. A series of presentations have been delivered to ensure UKT&I officers, business networks and chambers of commerce are clearly aware of the strength of proposition that Wales has to offer. The team is also now delivering in-market support for Welsh companies seeking to maximise export opportunities across Europe.

## **2014 Work Programme**

The Brussels-based trade and investment team will continue in 2014 to focus on strengthening links and increasing trade between Welsh companies and the other EU Member States in the Single market. Support is provided for companies from those exploring their first export opportunities through to experienced exporters targeting new markets. A series of trade missions are planned for Welsh businesses to coincide with key sector exhibitions and events during 2014.

The team will continue to identify inward investment opportunities and seek to position Wales as a strong location to establish a European operation. The team will be focusing on key growth sectors in the major European markets and ensuring Wales has the opportunity to secure any mobile investment. A number of targeted business events and sector-focused conferences across Europe have been identified for attendance to build a pipeline of enquiries and projects in 2014.

## **The Europe 2020 Strategy: Jobs and Growth**

The Welsh Government will continue to participate in the UK's National Reform Programme, reporting to the European Commission, setting out our progress and policies for creating conditions for growth. In this way, we will continue to contribute to the wider vision for European prosperity in the period up to 2020.

## **2013 Annual Report**

In 2013, Welsh Government officials worked closely with the Treasury and other relevant departments across Whitehall in order to ensure that the UK's 2013 National

Reform Programme (NRP) incorporated the actions and initiatives undertaken by the Welsh Government to tackle structural reform challenges in areas of devolved competence.

All Member States submit NRPs outlining their reform plans to promote growth and employment. This is done on an annual basis as part of the EU's Europe 2020 Strategy for smart, sustainable and inclusive growth. The UK's 2013 NRP included the actions taken to address the 5 headline targets of the strategy on: Employment; Education; Social Exclusion and Poverty Reduction; Research and Development and Innovation; Climate Change and Energy.

### **2014 Work Programme**

The Welsh Government will continue to engage early with the Treasury and other relevant departments across Whitehall to ensure that policies, initiatives and actions undertaken by the Welsh Government are incorporated in the UK's 2014 NRP, due to be published in late April.

### **The EU Budget for 2014-2020**

The Welsh Government is committed to achieving the best outcome for Wales from the EU Budget for 2014-2020 and we will work constructively with the UK Government and European Commission to achieve this. We are similarly committed to maximising the impact of EU programmes and will ensure that these are based on evidence of what works and are focused on delivery and outcomes for people, communities and businesses in Wales.

### **2013 Annual Report**

At an extraordinary European Council, on 8 February 2013, European Union Heads of State and Government reached agreement on the EU's long-term budget, or Multiannual Financial Framework (MFF), for 2014-2020. This followed a sustained period of engagement on the MFF by the Welsh Ministers and the wider Welsh Government from 2011, principally with the UK Government, as described in detail in the Annual Report for 2012, and which continued into 2013.

The Welsh Government's overarching objective in the MFF negotiations, as we made clear at every opportunity, was an agreement that would deliver jobs and growth in Wales. We therefore had concerns about aspects of the deal reached by the European Council, particularly regarding changes to the formula for the allocation of Structural Funds to the poorer, or "less developed" regions of the EU, such as West Wales and Valleys, that would have had a disproportionate impact on the most vulnerable communities. The proposed changes would have meant that West Wales and the Valleys (and also Cornwall) would have lost out to wealthier regions, including those within the UK. For West Wales and the Valleys, the agreement would have meant a reduction of some £400m for 2014-2020 compared to the funding for 2007-2013, with the figure being much greater in real terms.

We had made our position clear to the UK Government on this issue, including through a letter from the First Minister to the Prime Minister, in the build-up to the Council. At the meeting, other Member States – including Italy, Spain, Germany, Belgium and Ireland – sought, and secured, additional special allocations for regions

adversely affected by the overall budget settlement. This included a change to the formula for “less developed” regions in relatively wealthy Member States.

We were concerned that the UK Government failed to negotiate similar protection for Wales at the Council and immediately called for the situation to be addressed. This was raised by Welsh Ministers and officials at every opportunity, including through the Joint Ministerial Committee on Europe.

This sustained engagement by the Welsh Government, which had continued for almost two years, led, at the end of March, to a decision on the internal UK allocation of Structural Funds whereby each of the UK’s four nations would see a reduction of around five per cent, or an uplift for Wales on the February agreement of €375m.

As outlined below, Wales maintained its share of the allocation of funding under the Common Agricultural Policy through intra-UK negotiation.

The overall MFF deal had to be ratified by the European Parliament. Following negotiations with the Council and the Commission – with interaction from the Welsh Government and some amendments – this was achieved in November 2013 and the MFF was formally adopted by the Council of Ministers in December.

### **2014 Work Programme**

With the adoption of the MFF at the end of 2013 the focus of work will move to the agreement and implementation of the funding programmes under the overall MFF, including those relating to the Structural and Investment Funds, the Common Agricultural Policy and Common Fisheries Policy, Horizon 2020 and the Connecting Europe Facility.

### **The Structural Funds: Regional Economic Development**

We are committed to ensuring that Structural Funds allocated to Wales have maximum beneficial impact. We will support fewer and more strategic projects and it is our intention to focus on the delivery of sustainable growth and jobs.

### **2013 Annual Report**

Impressive performance was maintained with the current (2007-2013) Structural Funds programmes, providing important benefits for people, businesses, and communities across Wales. As of 31 December 2013, WEFO had invested £1.9bn of EU Structural Funds in to 287 projects representing £3.7bn of total project investment (including match funding) across Wales.

This investment enabled EU projects to support 487,550 participants to gain qualifications, 53,780 into work and 37,450 into further learning. In addition, 23,550 (gross) jobs and some 7,600 enterprises have been created. WEFO also met all of its annual expenditure targets (known as N+2) across all four programmes agreed with the European Commission. Securing the best possible outcomes from this investment continued to be the main focus. Careful monitoring of expenditure and progress are central to maximising the value and impact of these funds for the benefit of Wales.

Significant progress was also made during 2013 with the development, in partnership, of the future Structural Funds programmes for Wales, which will be worth around £2 billion of EU funds between 2014 and 2020.

Between January and April 2013, WEFO held public consultation events across Wales to help in its development of investment proposals for the new programmes. These proposals were subsequently agreed by the Cabinet in September, paving the way for informal negotiations to begin with the European Commission.

Future investment proposals are aligned with the strategic direction of our Programme for Government. They strongly focus on greater concentration and prioritisation of available resources, to help transform economic growth and increase jobs, and on strategies including our Science for Wales strategy, our Wales Infrastructure Investment Plan, the Europe 2020 Strategy and the draft Structural Funds Regulations for 2014-2020.

Our European Regional Development Fund investment priorities, spanning both West Wales and the Valleys and East Wales programmes are: Research and Innovation; SME Competitiveness; Renewable Energy and Energy Efficiency; and Connectivity and Sustainable Urban Development. European Social Fund investment priorities, which span both programmes, are: Tackling Poverty through Sustainable Employment; Skills for Growth and Youth Employment.

With the development of the programmes being well advanced, and important political agreements reached on the Multiannual Financial Framework and legislative package in late November and December 2013, we expect to be able to submit our programmes for formal negotiation with the Commission in spring 2014 as soon as the UK Partnership Agreement is submitted by the UK Government, which is a legal requirement.

In the meantime, we are helping stakeholders with planning and development of Structural Funds projects in Wales so that we can hit the ground running as soon as the Welsh programmes are agreed by the Commission.

As well as the informal negotiations with the Commission underway, we have published key draft documents, including the Wales Chapter of the UK Partnership Agreement, Operational Programmes for the Structural Funds, Economic Prioritisation Framework, and other guidance – all of which are at an advanced stage of development following extensive internal and external stakeholder engagement.

The publication of key documents has been complemented by other events and workshops taking place across Wales for stakeholders and potential sponsors on the implementation arrangements for the new programmes, including at WEFO's annual information event on 28 November.

### **2014 Work Programme**

WEFO will continue to work closely with the UK Government on the development of the UK Partnership Agreement, which is expected to be submitted in April, and with the Commission on the formal negotiation and agreement of the new Operational Programmes.

Collaboration with partners and potential sponsors will continue during 2014 to ensure that the best projects come forward and are prioritised for support from EU funds. To help this, the Economic Prioritisation Framework, which complements the Operational Programmes, will be further developed to assist in identifying an overall portfolio of EU-funded projects – backbone projects and complementary projects – which can address emerging strategic and economic opportunities and maximise impact of the EU funds.

## **The Common Agricultural Policy (CAP)**

The Welsh Government aims to maximise the benefits of CAP funds in Wales. We want to see investment used for the development of profitable and sustainable farming and rural businesses, strong rural communities, and for improving environmental management in our countryside.

### **2013 Annual Report**

Wales has maintained its share of CAP funding as a result of strong engagement with CAP reform, which led to political agreement of the regulatory framework in June 2013 and a good outcome from intra-UK negotiations on the budget. Policy proposals have been developed further with the farming unions and other stakeholder bodies, sharpened and subject to consultation, with a high level of public engagement achieved through evening meetings held across Wales.

The Rural Development Plan (RDP) continued to provide a wide range of support for the land-based sectors of the rural economy, agri-food businesses and the wider rural community. Under transition rules the RDP is now able to make commitments under most measures throughout 2014. This is because of later than expected approval of EU regulations for the successor programme period and will ensure transition and continuation of delivery into the new Programme. The annual target that funds allocated from the EU budget must be spent within two years of the allocation (known as “N+2”) was met for 2013 three months before the deadline. A review of the total number of (gross) jobs created is currently being undertaken, with 187 jobs confirmed. An exercise is underway to collect monitoring information for over 660 further jobs created. 182 enterprises have been supported and 34,749 training days delivered, resulting in 16,391 participants successfully completing a training activity.

In developing the RDP for 2014-2020 the Welsh Government engaged with other UK administrations in the UK negotiation on the regulations and on the Wales share of the UK funding allocation. During 2013 the Government launched a formal early-stage consultation on the likely RDP content and conducted a SWOT analysis, which involved a number of public meetings.

Glastir is the Welsh Government's primary agri-environment scheme. Glastir Efficiency Grants provide part-funded payments for farmers to make capital investments to provide on-farm improvements in machinery and infrastructure. As of late 2013, 164 contracts had been issued worth just over £2m to address energy, water and manure & slurry efficiencies.

Management of the environment is a central theme within the RDP covering a range of strategic objectives, including improving water quality, reducing pollution, halting the loss of biodiversity, managing climate change and preserving farmed landscapes and forests. 2,224 Glastir Entry contracts had been signed by 2013 covering around 209,000 hectares, with 147 contracts under Glastir Commons covering just under 85,000 hectares. 2013 saw the first Glastir Advanced contracts being signed, with 253 entrants participating in the scheme providing 31,000 hectares of targeted management.

New woodland planting, under the Glastir Woodland creation scheme, continued apace, with 571 contracts covering 1,566 hectares amassed by the end of 2013. As of 1 January 2014 approximately 200 Glastir Woodland Management contracts will be in place.

Under the Single Payment Scheme, Rural Payments Wales processed payments to 94% of applicants on the first day of the payment period (2 December 2013). In total about 15,500 applications were processed for payment of about £196 million, exceeding the excellent achievements of the last few of years.

This is in addition to making 50% advance payments in October to 3,100 of these farmers, who were affected by the severe weather during March and April 2013. It is forecast that around 97% of applicants will be paid by the end of 2013.

The Rural Payments Wales (RPW) Online programme continued to work together with farmers, agents, unions and other key stakeholders to make sure that the online service is user-friendly and fit for purpose.

RPW Online became available for all farmers, and those acting on their behalf, in July 2013. Uptake to date is encouraging, with almost 7,000 customers requesting access to the service, whether directly or via a third party. In addition, the RPW Online programme has received public endorsement from influential stakeholders within the farming community.

### **2014 Work Programme**

The Minister for Natural Resources and Food announced his decisions in January on the main features of the direct payments element of CAP (Pillar 1). Further policy development will take place on details of the new arrangements when the EU completes implementing regulations and the delegated acts. Full proposals for Pillar 1 will be submitted to the European Commission by 1 August 2014. RPW will advise claimants before the Royal Welsh Show about arrangements for direct payments from 2015.

The Minister for Natural Resources and Food launched a consultation on the final proposal for the Rural Development Programme 2014-2020 on 17 February. Further policy development will take place on details of aspects of the new arrangements when the EU completes implementing regulations and the delegated acts. From 23 January 2014, the Minister has been consulting on proposals for the Glastir scheme under the next Programming period. The outcomes of these consultations will inform the development of the next RDP. Full proposals for Pillar 2 will be submitted to the European Commission by the end of May 2014, to meet UK Partnership Agreement

ambitions. Detailed implementation work will build during 2014 with the aim of having a live programme from 2015.

We have recently consulted on a new organic scheme, which will become operational from January 2015 under the next RDP.

The aim for the RPW Online project is for a significant proportion of farmers, either directly or via agents or farming unions, to complete and submit their Single Application Form online in 2014. We will achieve this by making the process as easy as possible and through effective promotion to the farming industry.

An additional 2,300 Glastir Entry contracts and 34 Glastir Commons contracts are anticipated in 2014, along with 800 Glastir Advanced contracts covering both farm and common land.

Plans are in place to continue with high payment performance in 2013 and to meet the challenges from the CAP Reform in 2014 to maximise payment performance.

## **The Common Fisheries Policy (CFP)**

We aim to maximise the benefits of the funds available in Wales. We want to see future investment used for the development of fishing communities, innovation in areas including environmental protection, data collection, scientific research, aquaculture and the control of fishing operations.

### **2013 Annual Report**

The delivery of a reformed CFP is a statutory commitment placed upon the UK as a Member State and its delivery in Wales is devolved to the Welsh Government. The Welsh Government strongly contributed to UK negotiations on the reform of the CFP, which concluded during 2013. The new regulatory framework will enable Member States to manage fisheries and deliver the newly agreed objectives. These include the discard ban, achieving Maximum Sustainable Yield (MSY) for all major fisheries by 2020, establishing Multi-Annual Plans to support decisions around fishing opportunities while maintaining MSY, introducing a regional approach to management and improving aquaculture.

The European Maritime and Fisheries Fund (EMFF) will be the new European fund for 2015-2020 established to support the development of sustainable fisheries and aquaculture, and the implementation of the new CFP. It also combines data collection and control & enforcement funding, which was previously captured under separate funding regimes.

The EMFF has 4 broad objectives set at a European level:

- Promoting competitive and sustainable fisheries and aquaculture
- Fostering the implementation of the CFP
- Promoting a balanced and inclusive territorial development of fisheries areas
- Fostering the development and implementation of Integrated Maritime Policy.

In Wales the core EMFF activities will be focused on 3 primary areas:

- 'Smart Green' Fisheries
- 'Smart Green' Aquaculture
- Fisheries Communities – Community-Led Local Development (CLLD)

The current EU fisheries programme (European Fisheries Fund (EFF)) in Wales is relatively small with a total budget of £16.1m in the Convergence Area and £2.4m in the Non-Convergence Area. The programme continues to deliver and commitments (as at 17 December) are 80% (£12.9m) in the Convergence Area and 108% (£2.6m) in the Non-Convergence Area. There are over 80 live projects in delivery with spend figures for Convergence at 29% (£4.7m) and 54% (£1.3m) in the Non-Convergence Area.

The Axis 4 programme of the EFF provides support for the sustainable development of fisheries areas. In particular, it supports measures to promote economic diversification and an improved quality of life in areas affected by a decline in fishing activities. There are four approved Fisheries Local Action Groups (FLAGs) to deliver Axis 4 activity covering five geographic regions: Anglesey and Gwynedd, Swansea and the Mumbles, Ceredigion and Pembrokeshire. The FLAG Local Development Strategies and delivery mechanisms were approved by the Welsh Government in autumn 2012. Each FLAG has submitted a 'Running Cost' and 'Animation, Evaluation and Communication' project, which were all appraised and approved this autumn and have a grant value of £709,659. The Pembrokeshire FLAG applied for a Small-Scale Grant Scheme and requested £66,000, which was approved.

The EFF Programme Monitoring Committee meeting (20-21 November) approved a 6 month extension to the EFF programme, allowing new commitments to be made until 30 June 2014..

### **2014 Work Programme**

Detailed negotiations on implementing a reformed CFP will carry on through 2014, particularly on control issues, technical measures, and a more regionalised CFP, with the Welsh Government playing an active role.

Axis 4 is a significant priority for 2014 in order to ensure the total budget of £1.6m is fully committed and that delivery runs until June 2015.

EU negotiations surrounding the development of the next programme EMFF are progressing with Wales actively contributing to the UK input. The original timeframe for inception, 1 January 2014, has now moved to 2015. During 2014, the Welsh Government will be working with stakeholders, other agencies, FLAGs, the Marine Management Organisation and Defra to ensure the most effective use of funding for Wales to support achievement of the objectives set out in the 'Wales Marine and Fisheries Strategic Action Plan', published in November 2013.

### **Sustainable Development**

We will ensure coherence between the Welsh Government and the EU in our approaches to sustainable development. We will engage internationally to promote sustainable development values and joint actions in Europe and beyond.

## **2013 Annual Report**

The White Paper consultation on our Future Generations Bill – at the time known as the Sustainable Development Bill – closed on 4 March 2013. The purpose of the Future Generations Bill is to help future-proof communities by aiming to change the emphasis of public services from trying to fix problems after they have arisen to acting early to protect and improve our environment, economy and society. It is about mainstreaming sustainable development.

Other influential factors in the Bill's development have been the United Nations' global conversation on new sustainable development goals, building on the successes of the Millennium Development Goals; and the examples set by other nations that have, or are seeking to, put sustainability legislation on their statute books, or that have strong sustainable development policies.

We were also pleased to meet with UNICEF to discuss our efforts on this forward-looking legislation. We look forward to further talks on aligning with the UN Post-2015 Agenda and we are confident that the Bill will be a useful model for other regions and countries to learn from in the future.

## **2014 Work Programme**

In 2014 the Future Generations Bill will be introduced into the National Assembly for Wales.

The United Nations' global conversation on sustainable development goals has resulted in suggestions in the areas of tackling poverty; learning for all; improving health, equality and social inclusion and tackling climate change. The Commissioner for Sustainable Futures has been asked to engage people across Wales in conversations on what are the most important issues for them in improving their lives and those of their families and communities. This national conversation, in the spring of 2014, will be an opportunity for everybody to inform the long-term goals of public services in Wales.

The Future Generations Bill will also make provision for a new Commissioner for Future Generations, who will be responsible for engaging people in the national conversation on a regular basis after the Bill becomes law.

The Minister for Communities and Tackling Poverty, whose portfolio includes cross-cutting responsibility for sustainable development, will engage with European and wider international events and network with like-minded regions in order to share experience in taking forward sustainable development in legislation.

## **The Connecting Europe Facility: Transport, Energy and Telecommunications Networks**

Our connectivity with other Member States is critical if we are to exploit the opportunities presented by the Single Market and to achieve our ambition of delivering sustainable growth. The Welsh Government will actively pursue the potential of the Connecting Europe Facility to support major infrastructure investments, international connectivity and to benefit the environment.

## **2013 Annual Report**

The Welsh Government has been in discussions with the UK Department of Energy & Climate Change on the implementation and the practical outworking of the EU Regulation on Trans-European Energy Infrastructure.

The Welsh Government worked with the UK Government and the other Devolved Administrations on the new legislative framework for TEN-T (the Trans-European Network for Transport) and the Connecting Europe Facility (CEF) for the period 2014-2020.

Investment in telecommunications infrastructure is one of the top priorities identified within the Welsh Government's Wales Infrastructure Investment Plan. In particular, a key Programme for Government commitment is to ensure that homes and businesses in Wales have access to next generation broadband by 2016.

The Welsh Government and BT are working in partnership through the Superfast Cymru programme to bring the benefits of fibre broadband to those areas outside the planned commercial footprint in Wales. With the help of EU funds, this is the largest investment of its kind currently in the UK and will ensure that, when combined with commercial roll-out, 96% of premises across Wales will have access to fast fibre broadband. This pioneering multimillion pound programme will bring nationwide next generation broadband, making Wales one of the best connected nations in the world.

The programme funded by the Welsh Government, UK Government and the EU, together with BT's overall investment in Wales, will see £425m invested. Roll-out is commencing in 14 local authorities across Wales in 2013/14, expanding to all 22 local authorities by 2015/16. The programme is progressing well, over 100,000 premises have so far been given access to fast fibre broadband as a result. This major infrastructure investment will create a step-change in Wales' digital infrastructure which will underpin the Welsh Government's economic development strategy for the long-term.

The Welsh Government recognised a need to continue to address any gaps that may not be expected to be addressed directly through this phase of our next generation broadband commitments. Our Broadband Support Scheme, which ended on 30 September 2013, helped over 5,200 homes and businesses experiencing consistently low speeds to obtain a basic broadband connection.

The Access Broadband Cymru scheme, launched on 1 October 2013, complements the roll-out of the Superfast Cymru programme. The scheme is available for enterprises, residents, third sector organisations and communities which cannot achieve broadband speeds of greater than 2Mbps by supporting them to obtain a broadband connection using the most appropriate technology.

## **2014 Work Programme**

The Welsh Government will continue to hold discussions with the UK Department of Energy & Climate Change on the implementation and the practical outworking of the EU Regulation on Trans-European Energy Infrastructure. The proposed sub-sea connections from Ireland to Wales, to connect Irish wind projects to the UK grid network, will be handled under these Regulations.

There are also significant investments to be gained in the area of energy efficiency and the low-carbon economy from the new Structural Funds programmes 2014–2020 and Horizon 2020. WEFO will continue to work with stakeholders and hold events to ensure that participation and opportunities in this field are maximised.

The new legislative framework for the Trans-European Network for Transport (TEN-T) and the Connecting Europe Facility (CEF) for the period 2014-2020 has been established, including the maps of the Core and Comprehensive transport networks.

Key transport routes and facilities in Wales are included on the networks; we will continue to work in partnership with the UK Department for Transport and we will liaise with the European Commission in order to help deliver the networks and maximise potential funding under CEF and other investment opportunities.

The Welsh Government will continue to support the Access Broadband Cymru scheme and the roll-out of the Superfast Cymru programme to ensure that homes and businesses in Wales have access to next generation broadband by 2016.

## **Horizon 2020: Support for Research, Development, Innovation and Science**

We are engaged in the development of the Horizon 2020 initiative and will work towards ensuring that the programme is designed to complement the Structural Funds. We aim to see simplification of the application process to reduce the burden on SMEs and other bidders. Our aim is to increase the overall competitive research funding into Wales significantly from the current levels of around 2% of the UK total.

### **2013 Annual Report**

As at November 2013, Wales had 393 participations in the Seventh Framework Programme (known as FP7) of the EU for the funding of research and technological development (2.5% of the UK total), worth €125.6m (2.0% of the UK total).

The Welsh Government reviewed its arrangements for implementing EU funding programmes during 2012, resulting in WEFO becoming the Welsh contact point for FP7 from January 2013 (and subsequently for the Horizon 2020 initiative, which will be worth €79 billion across EU regions from 2014).

The new Horizon 2020 Unit is well placed in WEFO to help explore the potential complementarities and synergies between FP7 / Horizon 2020 and Structural Funds, with the Structural Funds to act as a 'stepping stone' to help increase the participation of Welsh organisations in Horizon 2020.

The Horizon 2020 Unit has made significant progress in this area, and continues to identify the type of support and guidance stakeholders need to help increase their collaboration and participation in Horizon 2020. In May 2013, for example, the Minister for Finance launched the SCoRE Cymru fund, worth £70,000, to help organisations develop competitive, collaborative bids. So far, the SCoRE Cymru scheme has generated 90 enquiries and 34 applications (of which 28 have been approved). 40 of the enquiries have been from SMEs, generating 12 applications, all of which have been approved.

The Horizon 2020 Unit is also raising awareness of the research and innovation opportunities of this programme through workshops and events, which in 2013 included a Ministerial launch event (on 13 November) for Horizon 2020 in Wales and workshops covering themes relevant to all the Grand Challenge areas: Energy, Health and Life Sciences; and Space.

We are also continuing to explore the opportunities presented by the Commission's plans to facilitate greater SME engagement in Horizon 2020 and are promoting better dialogue with the Higher Education sector, Research Councils and businesses and the Commission.

### **2014 Work Programme**

An independent scoping study of Horizon 2020 is underway to identify areas for improvement in the Wales support network so that any further investment in this area is targeted and adds value to existing support at Welsh, UK and EU levels. The study will report in spring 2014.

The Horizon 2020 Unit will continue to offer advice and financial support through SCoRE Cymru to Welsh stakeholders looking to develop and improve their bids to Horizon 2020.

It will also continue to work with Welsh, UK and European stakeholders to facilitate a series of awareness-raising and specialist Horizon 2020 events, including a 'Horizon 2020 and Smart Specialisation' Workshop at an International Conference on Sustainable Design and Manufacturing in Cardiff at the end of April and a Marie Skłodowska-Curie Actions event in May/June.

The planning of investments from the 2014-2020 Structural Funds programmes will also be key so that activity supported will help increase Welsh organisations' ability to participate in Horizon 2020 and other competitive R&D funding.

The Unit will work closely with other parts of Welsh Government to build on such initiatives as Sêr Cymru, the National Research Networks, innovation support and relevant Technology Strategy Board (TSB) activity. Likewise, the Unit will continue to build on relationships with contacts in Europe and with the UK Horizon 2020 network, which includes the TSB, the UK Department for Business Innovation and Skills and the other Devolved Administrations..

### **Education, Skills, Employment and Social Inclusion**

The Welsh Government aims to raise skill levels with a view to stimulating an improved employment rate, particularly skilled jobs attracting higher earnings levels. This objective, which is in line with the EU's vision set out in Europe 2020, aims to contribute positive long-term impact on productivity, growth, household incomes and child poverty.

### **2013 Annual Report**

Communities 2.0, supported by the European Regional Development Fund and which runs until April 2015, has already helped more than 32,000 people acquire the skills and capability to go online and become digitally included, increasing their

employability and helping to reduce social isolation, particularly amongst older people, the disabled, unemployed and social housing tenants. The programme also supports social enterprises and micro businesses to use ICT to innovate and improve delivery.

The Welsh Government published Building Resilient Communities: Taking forward the Tackling Poverty Action Plan in July 2013. The Plan sets out targets and milestones that cut across the whole of the Welsh Government in relation to Education, Skills, Health and Employment.

The Welsh Government remains committed to the target of eradicating Child Poverty by 2020 and published its Child Poverty Strategy Progress Report in November. This provides an assessment of progress made against the three strategic objectives set out in the 2011 Child Poverty Strategy for Wales.

The European Social Fund is also contributing to the Welsh Government's delivery of many employment and skills schemes. For example, by the end of December, our flagship EU-funded Jobs Growth Wales scheme had created some 10,600 job opportunities with 8,360 young people filling these jobs.

Individuals and employers also benefit through schemes such as the Modern Apprenticeships programme which provides work training opportunities for individuals and helps employers to build a professionally skilled workforce..

### **2014 Work Programme**

In January 2014, the Welsh Government published a new Policy Statement on Skills, focused on improving skills levels across Wales.

The Statement sets out a vision for employment and skills policy over the next 10 years and the responsible action needed by all stakeholders to develop a resilient, responsive and sustainable post-19 skills system. It also recognises the tough choices ahead if Wales is to deliver the skills needed to raise productivity levels and reduce barriers into employment.

4 priority areas are covered by the statement. These are:

- **Skills for jobs and growth** – delivering a more highly skilled Wales which can compete in a global economy.
- **Skills that respond to local needs** – an integrated and accessible employment and skills offer to both employers and individuals based on their needs.
- **Skills that employers value** – if employers are expected to invest more in skills development, the Welsh Government and its partners must ensure that training provision is of a high quality and meets their requirements.
- **Skills for employment** – ensuring that the employment support provided by the Welsh Government adds value to UK-level programmes and builds on successes, such as Jobs Growth Wales.

The Policy Statement on Skills has been followed by a consultation regarding co-investment in post-19 learning delivery. Responses to this consultation will be used

to inform the content of an Implementation Plan due to be published in July 2014. The Plan will set out the timeframe for taking forward actions in the Policy Statement and a co-investment policy for Wales.

The flagship Jobs Growth Wales programme will continue until 2015, with £75m to be invested with the aim of creating a further 4,000 job opportunities each year.

The future European Social Fund programmes for 2014–2020 will continue to make vital investments to help people into work and training, including in the area of youth employment.

Overall, at least 20% of the 2014-2020 European Social Fund in Wales will be allocated to schemes that tackle poverty and social inclusion – a commitment set out in the Welsh Government's Tackling Poverty Action Plan..

## **Energy**

The Welsh Government will work to provide leadership on energy, maximise the economic and community benefits and act now to plan strategically for the long-term energy future as set out in Energy Wales. In doing so, we will work actively in partnership within the EU in seeking to achieve our shared energy aspirations.

### **2013 Annual Report**

The Welsh Government continues to drive towards a low-carbon economy through various means with effort focusing primarily around removing barriers and enabling investment.

The country benefits from a wealth of energy resources and, to stimulate economic benefits sustainably from these, the Welsh Government has established three Enterprise Zones (out of seven in total) with a primary focus on the energy sector.

The Planning Reform Bill seeks to enable more streamlined decision-making in Wales for strategic infrastructure projects. This is expected to speed up and bring greater consistency to the planning process in Wales.

Energy efficiency remains a major priority with our area-based energy efficiency scheme 'Arbed', supported by EU funds, and our fuel poverty scheme 'Nest' helping to reduce energy use and fuel poverty across Wales.

Distributed generation is also a priority and the Welsh Government's Ynni'r Fro scheme, supported by EU funds, offers social enterprises grant aid, loans and free, independent, hands-on advice and information to help to develop their own community-scale renewable energy schemes across Wales. The programme recently underwent a mid-term review and this is informing further improvements and intelligence for further programmes.

The Welsh Government is working in partnership with industry to find innovative ways of deriving greater economic value from commercial energy developments in Wales. This partnership approach is bearing fruit, with the onshore wind industry in Wales recently signing a declaration of intent to drive economic and community value in Wales.

The Welsh Government's partnership approach is exemplified through the Energy Wales Strategic Delivery Group, which is a forum of senior energy executives, regulators, Government and infrastructure providers. The forum is chaired by the First Minister and is driving collaborative action towards our ambitions. The Department for Economy, Science and Transport's Energy & Environment Sector Panel also provides advice on the barriers to sustainable economic growth in the sector and the strategies to stimulate investment.

The Welsh Government released an online Geographic Information System (GIS) mapping tool to supply developers of wave and tidal projects with information on key development constraints at site specific level. The online tool also allows developers to upload their own GIS shape files. This is accessible to all developers upon request.

The Welsh Government has engaged with the UK Government on the development and implementation of the UK's Electricity Market Reforms.

### **2014 Work Programme**

2014 will see the publication of the Energy Wales Delivery Plan, building on the principles set out in Energy Wales: A Low Carbon Transition, and the development of programmes to maximise the economic and social benefits from Structural Funds for this sector. The Welsh Government will bring greater strategic clarity to the routemap for energy and associated infrastructure deployment, to bring greater simplicity for communities and investors. We will support industry in the transition to a low-carbon economy and in pursuit of the EU Energy Road Map 2050 both through reduction of energy needs and in taking advantage of the opportunities that will arise from new business models and initiatives.

The Welsh Government recognises that the cost of energy is one of the key issues affecting business competitiveness in Wales and as such it is a defined priority. The Welsh Government will continue to seek to influence EU decisions through the UK Government. In addition to focusing on the delivery of the Energy Efficiency Directives, energy pricing, and minimising the risk of carbon leakage of energy intensive industries, the Welsh Government is developing a fully integrated, resource efficiency advice and support service. This will serve both domestic and commercial customers.

An onshore wind economic and community benefit register will be launched by the Welsh Government and is expected to bring greater transparency to the delivery of benefit to Wales from the delivery of onshore wind projects.

Marine energy has been identified as a priority for Welsh deployment of Structural Funds for 2014-2020. The Welsh Government will further develop its approaches to stimulating innovation and development in Marine Energy as well as 'Smart Living'. Smart Living will attempt to enable greater deployment of distributed generation and integrate new building technologies on a community scale. The Welsh Government will continue to work with the Crown Estate to promote demonstration zones for marine devices and work with partners to utilise Structural Funds to support the emergent Marine Energy sector in Wales. Wales will be holding a series of talks with

Brittany on the potential for joint working to aid our respective marine energy aspirations.

We are working with members of the European Economic and Social Committee (EE&SC) to organise a visit to Wales to conduct an inquiry into the progress of the Renewable Energy Directive. The visit, over the period 5 to 7 May, will involve a tour of renewable energy projects and a hearing involving a broad range of stakeholders.

There are also significant investments to be gained in the area of energy efficiency and the low-carbon economy from the new Structural Funds programmes for 2014–2020 and Horizon 2020. WEFO will continue to work with stakeholders to ensure that participation, opportunities and investments in this area are maximised.

## **Climate Change**

The Welsh Government will continue to work in support of EU-wide work to enhance international commitments to reduce emissions, and to deliver programmes that help ensure we manage effectively the consequences of a changing climate in the decades ahead.

### **2013 Annual Report**

The Welsh Government contributes to the wider EU strategy on emissions reduction and climate change adaptation through the implementation of our Climate Change Strategy for Wales. This includes contributing towards the EU's 2020 targets on improving energy efficiency, reducing emissions and increasing renewable energy production.

The Climate Change Strategy for Wales sets out the Welsh Government's strategic approach to tackling the causes and consequences of climate change and the key commitments to reducing greenhouse gases and supporting effective adaptation to climate change are further reinforced in the Programme for Government.

The Welsh Government's 2 headline emissions targets are the 3% annual reduction in emissions in devolved areas and a wider target for a 40% reduction in emissions by 2020. The Climate Change Strategy, alongside the Climate Change Act, includes a commitment to produce an annual report on progress to the National Assembly for Wales.

The 2013 Climate Change Annual Report was published on 10 December. A copy of the report can be found at:

<http://wales.gov.uk/topics/environmentcountryside/climatechange/publications/2013-annual-report/?lang=en>

This report outlines the progress we have made against our targets set out in the Programme for Government and our Climate Change Strategy and summarises the action that we have taken to tackle the causes and consequences of climate change. It shows that we have made positive progress. For our 3% annual emissions target in devolved areas we have exceeded the target with a reduction of 10.1% and for our wider target to reduce all our emissions by 40% by 2020 the report shows a reduction in emissions by 20.6% against the 1990 baseline.

The report also breaks down the emissions and sets out the actions we have taken to tackle climate change by key sectors – with nearly all having significantly reduced their emissions and the public sector in particular playing a leading role by achieving the highest emissions reduction percentage.

The report also highlights:

- The success of the Welsh Government's strategic EU-funded energy scheme, Arbed, which along with our boiler scrappage scheme and the home energy efficiency programme, helped to make 25,000 Welsh homes easier and cheaper to heat during 2010-11.
- The development of the Sustainable Travel Centre initiative, which is delivering better integrated transport networks whilst promoting health and well-being.
- The ongoing support and advice that the Welsh Government is giving to businesses on energy efficiency and low carbon opportunities for SMEs, and its work to lead action across the public sector to reduce emissions.
- Delivering plans to drive down emissions from managing waste better.
- The new guidance for public bodies in Wales on adapting to climate change and a new national strategy on flood management.

The Welsh Government is committed to maintaining our focus on delivery through a cross-sector approach, to working with our partners and continuing to encourage individuals, communities and businesses in Wales to play their part in tackling climate change.

The Minister for Natural Resources and Food attended the United Nations Framework Committee on Climate Change COP19 negotiations in Warsaw, working closely with the UK and EU delegations and the networks nrg4sd (the Network of Regional Governments for Sustainable Development) and the Climate Group.

Welsh Government officials have also worked with the UK Government and the Devolved Administrations on EU legislation on Fluorinated Greenhouse Gases, shipping emissions and reform of the Emissions Trading Scheme..

### **2014 Work Programme**

The 2013 Climate Change Annual Report states that good progress has been made in Wales, but also shows that further work is required to meet our longer term targets, especially when factoring in economic growth.

The increasing risks of climate change are also highlighted in the Welsh Government's Annual Report by the evidence from the recent IPCC report and the UK Climate Risk Assessment, which state that the case for continued climate action is clear.

As such, we will be undertaking a refresh of our climate change policy during 2014 to demonstrate how action on climate change goes hand in hand with the achievement of our wider Government priorities of jobs, sustainable growth and tackling poverty. This will ensure that we are doing all we can to meet our emission reduction targets, to improve resilience to extreme weather and decrease the societal risks of climate

change and fundamentally to position Wales to take advantage of the significant opportunities for green growth that can be taken across government and with our partners.

An increasing focus on green growth is central to our ambitions for Wales. The Climate Change Annual report underlines the scale of the action being taken already and how we are using wider opportunities like European funding to support our action. The commitment made by the EU to a minimum of 20% of the next round of Structural Funds being allocated to climate related action provides even more scope to go further as well as underlining the fact that the whole context of the Europe 2020 growth strategy is already framed by climate change.

We will also be looking to ensure that climate change is considered as part of the policy development and delivery across all Departments in the Welsh Government, especially in relation to building resilience to climate change and extreme weather. Scientific evidence and understanding, as detailed in the IPCC report, highlights that continuing our work on climate change mitigation is vital if we are to avoid severe climate scenarios and environmental 'trigger points' that may be irreversible.

Our Annual Report highlights that action on adaptation in relation to environmental changes and reacting to extreme weather events is important to Wales' future and is an opportunity as well as being a threat. Our commitment to the development of Sectoral Adaptation Plans and ensuring the different sectors of Business and Tourism, Health, Communities, Natural Environment and Infrastructure adapt to our changing climate and build resilience to future climate impacts is therefore a key priority as part of our policy refresh going forward.

The forward look of priorities and future policy direction for the Department for Natural Resources and Food is set out in the policy paper Shaping a more Prosperous and Resilient Future, published in October 2013 by the Minister. <http://wales.gov.uk/about/cabinet/cabinetstatements/2013/resilientfuture/?lang=en> . It recognises that climate change is one of the key challenges we face and requires cross-cutting action. The priorities that it sets out for the Department – green growth, resource efficiency, resilience and tackling poverty – will embed climate action throughout.

In addition, the paper highlights that we are aiming to integrate the management of our natural resources so that they are able to deliver long-term economic, social and environmental benefits. This is a crucial component of how we will be taking forward our climate change policy but also an example of how we are looking to integrate policy with other portfolio areas.

The statement also illustrates how, as a Government, we are already going further in using the new legislative powers at Wales' disposal to drive climate action not available at the time of the development of the current Climate change strategy.

Officials continue to engage with the UK Government and the EU on the proposed climate and energy framework for 2030. The Minister for Natural Resources and Food met with Climate Action Commissioner Connie Hedegaard's Deputy Head of Cabinet in September 2013 to discuss this in advance of publication and has

subsequently attended the Environment Council (March 2014) where Ministers had their first exchange of views on the Commission's white paper..

## **The Environment**

We will engage with the EU institutions to ensure that the environment of Wales is considered during policy development and to ensure that we fulfil our environmental obligations.

### **2013 Annual Report**

The Minister for Natural Resources and Food attended 2 Environment Councils in 2013 and held discussions with Environment Commissioner Janez Potočnik at the Hay Festival and in the margins of the Environment Council.

In the second half of 2013 the Welsh Government seconded an official to work in the Environment Team of the Lithuanian Presidency of the Council of the EU.

Officials have worked with the UK Government and the EU institutions on a range of legislative and non-legislative EU issues including natural resource planning; the LIFE Regulation on EU funding; ship recycling; invasive alien species; illegal shipments of waste; noise pollution from vehicles; environmental impact assessments; flooding; habitats; industrial emissions; urban waste water; waste policy; resources efficiency; and plastic bags.

For example, senior Welsh Government environment officials briefed Commission officials on the Welsh Government's approach to natural resource management, the creation of Natural Resources Wales and our Environment Bill consultation.

The Deputy Director General of DG Environment in the European Commission visited Wales to address the Welsh Government's conference on natural resources.

The Welsh Government continued to ensure that EU Directives were transposed into UK legislation on time and were fully implemented. An example of this is the Industrial Emissions Directive, which came into force in January 2013 and which recasts seven older Directives and sets revised limits for emissions to air by various types of industrial installations. This was transposed by Regulations on an England and Wales basis.

### **2014 Work Programme**

The Welsh Government will continue to work on its Environment Bill and its ecosystem approach to natural resources. The Minister and officials will seek opportunities to promote these and other initiatives by attending EU Environment Council or other forums and by discussing with his UK and EU counterparts, with Commissioners and with the European Environment Agency.

Welsh Government officials, along with colleagues from other UK administrations, will continue to work on issues passed on from the Lithuanian Presidency to the Greek Presidency, such as legislation on plastic bags; invasive alien species; or the newly released EU Air Quality Package and will take whatever action is necessary to ensure that their requirements are fully implemented.

## Health

We are committed to engaging with the UK Government and the EU institutions to seek to ensure that health legislation reflects the increasingly distinctive Welsh National Health Service. For funding programmes, we will adopt a co-operative approach to facilitate bids from Welsh organisations in the health field.

### 2013 Annual Report

Wales and the other countries of the United Kingdom transposed into national law the Directive on the application of patients' rights in cross-border healthcare.

Wales contributed to the UK Government's call for evidence on the review of Balance of Competences between the EU and the UK in relation to health. The response stated that the overall view of the Welsh Government is strongly supportive of the UK's full EU membership, noting that in the health field there are good examples where EU action had been helpful to Wales. These include facilitating working with other EU countries and creating opportunities for Wales to share with other parts of Europe lessons learned in tackling challenging issues and progress within and across Member States. A further area of co-operation is in developing new data sources to illuminate problems and performance in different countries. A point of concern was that the competence of the EU should not be extended in unexpected or burdensome ways.

The annual Welsh Public Health Conference in 2013 had an international flavour, with the event being co-ordinated with the annual meeting of the WHO European Regions for Health Network, which includes regions from within the EU as well as from outside.

Working with the other countries of the United Kingdom, Wales helped produce a United Kingdom Rare Diseases Strategy in response to the European Union Recommendation on Rare Diseases.

The Welsh Government was a national partner in Equity Action, the EU-funded Joint Action on Health Inequalities (2011-2014). This was a pan-European project that aimed to identify good practice, share learning and develop a multi-level approach to tackling health inequalities. The project focused on developing capability across Member States and on four main work streams: tools, regions, knowledge and stakeholders.

The Welsh Government was a national partner in 2 of these work streams – tools and regions. The Tools Workstream aimed to promote a health equity focus in policy-making and the Welsh Government's Housing Directorate delivered Wales' contribution through a project to assess the health impacts of proposals to legislate for a compulsory registration and accreditation scheme for private sector landlords.

The Regions Workstream aimed to build regional capacity to address health inequalities and share experience, lessons learned and progress both within and across Member States with particular reference to EU Structural Funds. For this work package, the Welsh Government worked with 2 regional partners – Cwm Taf Health Board and Aneurin Bevan Health Board..

## **2014 Work Programme**

The Minister for Health and Social Services represented the UK in the final conference of Equity Action, held in January.

Looking Forward, in 2014 the Welsh Government will produce its Implementation Plan in response to the EU Recommendation on Rare Diseases and the UK Rare Diseases Strategy.

The Government will also look at involvement in future EU-level work on health inequality following the end of the EU Joint Action on Health Inequalities.

The Minister for Health and Social Services will speak at the EU Summit on Chronic Disease in Brussels on 4 April when he will also meet the European Health Commissioner Tonio Borg and Deputy Secretary General of the OECD, Yves Leterme.

## **Fulfilling our EU obligations**

The Welsh Government will implement and apply EU law in Wales relating to devolved responsibilities. We will continue to work closely with the UK Government, as the representative of the Member State, on developing and implementing legislation and dealing with any potential infractions.

## **2013 Annual Report**

The Welsh Government has worked closely with the UK Government to develop and implement European legislation, both on our own and on a composite basis with England. In October 2013 the Welsh Government delivered in-house EU legislation training for Welsh Government officials, to which we invited officials from the European Commission and Whitehall Departments to give presentations and meet with Welsh Government officials to discuss effective ways of working together. The course covered all aspects of EU legislation, from influencing policy to handling transposition and infractions cases.

We have worked with officials in UK Government Departments including the Department for Environment, Food and Rural Affairs (Defra), the Department for Transport (DfT), the Department for Business, Innovation and Skills (BIS), the Department of Energy and Climate Change (DECC), the Department for Communities and Local Government (DCLG) and others on negotiating final EU legislation and the subsequent transposition of legislation in many different policy areas on a joint basis with England.

## **2014 Work Programme**

The Welsh Government will continue to work with our UK Government counterparts on responding to the European Commission on Pilot Project and infraction cases. This is an ongoing process and we are fully engaged in ensuring that the risk of infraction is limited.

The Welsh Government will continue to engage with the UK Government and the European Commission on all areas of EU legislation. We will seek to ensure that

legislation is transposed in a correct and timely manner in accordance with the EU rules.

## **Raising the profile of Wales in the EU and promoting engagement with the EU in Wales**

We will project a positive image of Wales as a nation proud of its culture and achievements and as a dynamic, engaged, outward-facing partner.

This is an overall commitment that has been fulfilled as outlined in the commitments below.

### **Raising the profile of Wales through excellence and sharing learning**

We will promote the sharing of best practice from Wales and will raise our profile with the EU through our excellence and expertise.

#### **2013 Annual Report**

Wales has an excellent record in the delivery of the Structural Funds, and has been more successful than any other UK region in winning the EU's prestigious Regions of Excellence award and 3 EU RegioStars awards over previous years for best practice projects in regional development. The EU has selected 2 project finalists from Wales for the RegioStars Awards 2014 – BEACON and Quadrant Transport Interchange – with the winners to be announced by the European Commissioner for Regional Policy, Johannes Hahn, on 31 March 2014.

Representatives from the Welsh Higher Education sector have also been involved in the University-Business Forum, which brings together higher education institutions, companies, business associations, intermediaries, and public authorities, providing them with a common space at a European level for dialogue, networking, and the exchange of good practice. In addition, academics from Higher Education Wales have been involved in advising the European Commission on smart specialisation with Cardiff University co-ordinating an FP7 project on the evaluation of smart specialisation strategies.

Officials from the Welsh Government, other public sector organisations and academics from the HE sector have been evaluators for FP7 and the Competitiveness and Innovation Programme.

Wales was also designated a reference site for active and healthy ageing as part of the European Innovation Partnership on Active and Healthy Ageing, gaining the highest 3 star award and the Welsh Partnership, led by the Older People's Commissioner, signed a commitment to the EIP.

#### **2014 Work Programme**

Officials from the Department for Education and Skills will represent the UK on 2 of the 6 EU expert groups on education and training. These influential groups are the main fora for influencing EU-level policies in the area of education and training and the annual Erasmus Plus (Erasmus +) work programme.

The Deputy Minister for Skills and Technology will examine the benefits of joining the European Alliance for Apprenticeships and make an announcement in the course of the year.

As part of its work on active and healthy ageing, the Welsh Government, in partnership with Welsh Higher Education Brussels, will organise an event in Brussels as part of the European Commission/Committee of the Regions Open Days in October.

## **Promoting Wales in Brussels**

We will continue to raise Wales' profile in Brussels through policy and cultural events anchored to our Programme for Government and our major cultural initiatives.

### **2013 Annual Report**

From the end of January to mid-March, the Welsh Government's EU office hosted an exhibition entitled "Print-making in Wales", in partnership with Wales Arts International and Y Lle Print, a Welsh social enterprise. The exhibition attracted a great deal of attention and has been a catalyst for collaboration with Belgian and Dutch partners. The end of February saw the annual St David's Day reception, which showcased the best of Welsh food and drink with entertainment from Welsh College of Music and Drama students

In March the EU office, in partnership with the British Council and the Brussels offices of the Scottish Government and Northern Ireland Executive, organised a literary event on "national literature(s) in a globalised world", with writer Christopher Meredith as the writer from Wales.

In October the Welsh Government, in partnership with the UK's Embassy to Belgium and Derek Vaughan MEP, held a reception on the occasion of the Belgium vs Wales FIFA World Cup qualifier game. On 5 February, the EU office co-hosted a reception with the UK's Deputy Ambassador to the EU Shan Morgan with Bryn Terfel, who performed the following day. The event attracted an audience drawn from the EU Institutions, including several Ambassadors, and the business community. Trade and investment colleagues are currently pursuing contacts made at the event and will organise a follow-up event with the Deputy Permanent Representative. On 5-6 February the EU office hosted a two day visit for the First Minister's advisor on World War One commemoration Sir Deian Hopkin who visited the site of the future Welsh memorial in Flanders and met a wide range of representatives from Belgian and British organisations.

### **2014 Work Programme**

On 5 February, the EU office co-hosted with the UK's Deputy Ambassador to the EU, Shan Morgan, a reception with Bryn Terfel, who performed in Brussels on the following day. The event attracted attendees drawn from the EU institutions, NATO HQ (in advance of the September Summit in Wales), including several Ambassadors, and the wider arts and business communities.

On 5-6 February the EU office hosted a two day visit for the First Minister's adviser on the World War One commemorations, Professor Sir Deian Hopkin, who visited

Langemark in Flanders, the site of the future memorial to Welsh people who served in the war, and met a wide range of representatives from Belgian and British organisations.

On the literature theme, the Welsh Government was one of the partners in the 2014 Brussels Book Fair on 22-24 February where the UK was the host country and on this occasion the Welsh writers were Patrick McGuinness and Sian Melangell Dafydd.

The St David's Day 2014 lunchtime reception was hosted by the Minister for Finance on 6 March. It was attended by people from across the EU institutions, NATO HQ and Langemark and showcased Welsh food and drink, also marking the Dylan Thomas Centenary Year.

The Welsh Government will continue to support the Welsh stand at the international Seafood Expo which will take place on 5-8 May with a reception planned for 7 May.

The Brussels office will support work around the inauguration of the memorial in Langemark, as mentioned above, which will take place on 16 August and in which the First Minister will participate.

## **Promoting Wales through tourism and transport links**

We are committed to promoting Wales as a tourism destination and working towards attracting a more diverse and frequent range of air services to and from Wales.

### **2013 Annual Report**

The Visit Wales 2013/2014 marketing campaign is also being part funded via the E4G programme with match funding from Visit Wales and partners: Cadw, Natural Resources Wales, and Valleys Regional Park.

Cardiff Airport is a vital gateway to Wales for business, tourists and general travellers alike. In spring 2013 the Welsh Government purchased Cardiff airport to secure its future. It is vital for Wales' economic development that we have strong international connectivity to and from Wales as well as a welcoming open door for tourism.

The decision to acquire the assets and operations of the airport at a price of approximately £52 million aims to support these strategic objectives. We are committed to developing the airport as a major piece of economic infrastructure in Wales and developing high-quality services for passengers.

Key priorities for purchasing the airport include to:

- operate to a high standard, providing the best experience for passengers and airlines
- create an environment to encourage the growth of airlines and commercial partners
- maximise the opportunity for the benefit of Wales, economy and business
- manage the environmental impact of the airport operation
- achieve financial stability and operation of the airport
- improve connectivity to Wales.

The airport is operated at arm's length by Cardiff International Airport Ltd (CIAL), which is responsible for all of the airport activities, including operations, route development and the improvement of facilities at the airport.

CIAL has its own Board, which is chaired by Lord Rowe-Beddoe and comprises five Non-Executive Directors and four Executive Directors. The Board has the appropriate skills and experience to support the development of Cardiff Airport.

The Airport's business plan for 2013/14 included plans for capital investment and technical improvements at the airport, including the terminal, security areas, road access and car parking, as well as attracting new airlines to the airport. All improvements are aimed at providing the airport users with a better experience. The Welsh Government has approved a £10m commercial loan to enable CIAL to deliver the business plan and improvements.

The Welsh Government is currently working with CIAL to market and promote Wales in key destinations and 'in flight' magazines. The Welsh Government is also working with CIAL to promote Wales to key airline customers and to deliver Visit Wales marketing activity within appropriate originating regions and cities.

In addition, Visit Wales and CIAL attended and exhibited at the 2013 World Routes Conference to raise the profile and awareness of Wales as a destination and to highlight that CIAL was looking to develop a quality airport facility and [attractive] destinations.

The Welsh Government continues to work with to provide good access to Cardiff Airport and the St Athan Aerospace Business Park, which is together known as the St Athan and Cardiff Airport Enterprise Zone. This includes:

- Continued funding of the Cardiff Airport Shuttle bus service that runs between Rhoose train station and the airport.
- The introduction, on 1 August 2013, of a new express bus service between Cardiff City Centre and the Airport. This service operates every 20 minutes throughout the day.
- Reviewing road access to the St Athan and Cardiff Airport Enterprise, including a £3m road straightening project.

### **2014 Work Programme**

During 2014 the Welsh Government will continue to work with Cardiff Airport in support of its proposed business plan and development including access to the Airport and the Enterprise Zone.

The Welsh Government will also work towards securing further EU funding for tourism schemes that have the potential to support economic growth and jobs in Wales.

## **Educational and cultural links**

The Welsh Government will work to raise awareness of the opportunities presented by EU programmes on lifelong learning, youth, culture and creative industries with a view to increasing participation levels from Wales.

### **2013 Annual Report**

The Welsh Government participated in the Advisory Board meetings for the Lifelong Learning Programme (LLP).

The Minister for Education also held a positive meeting with the British Council to discuss how to maximise opportunities for the Erasmus Plus programme – the successor to the LLP – which provides funding for education, training and youth focusing on international study, work, training, teaching and volunteering opportunities.

The Deputy Minister for Skills and Technology discussed Erasmus Plus with European Commission's Deputy Director General for Education and Culture, when he called for more support for projects on lesser-used languages and reaffirmed the Government's commitment to see even greater numbers of young people benefiting from the programme in future.

In addition, it has been agreed that the Welsh Government will set up and lead the Creative Europe Desk for Wales, which will promote and facilitate the new Creative Europe programme, which can help the cultural and creative sectors to reach new audiences, develop skills for the digital age and safeguard cultural and linguistic diversity.

### **2014 Work Programme**

From April, the Welsh Government will promote the new Creative Europe programme through its Creative Europe Desk for Wales, which will offer advice to Welsh applicants and organise tailored informational events for the audio-visual and cultural sectors.

The Welsh Government participates in the new Erasmus Plus board, which contract manages the National Agency Work Programme, and will take part in the upcoming official UK launch in April. It will also support the new Erasmus Plus national agency, the British Council, to increase Welsh involvement in the programme.

## **Promoting engagement with the EU in Wales**

We will continue to work with others to raise awareness of EU issues in Wales.

### **2013 Annual Report**

We organised a series of events as part of our engagement with civil society organisations and to widen the opportunities for stakeholders to participate in EU policy formation. These included:

- an Atlantic Forum Conference in January in Cardiff, in conjunction with the European Commission, as part of developing a Maritime Strategy for the

Atlantic Ocean Area, together with 4 other EU Atlantic Member States (France, Spain, Portugal and Ireland)

- a seminar on the National Reform Programme 2013 in March (in conjunction with the European Commission Office in Wales)
- a Mock Council of the EU event, which involved students from 28 schools and colleges from across Wales and one school from Latvia and at which topical EU policy issues were debated
- and a Wales Forum on Europe event in November to launch the Horizon 2020 programme in Wales.

Wales also hosted a visit by Shan Morgan, UK Deputy Permanent Representative to the EU, during which she met with the Permanent Secretary, the Minister for Education and Skills, the Minister for Finance and the Minister for Natural Resources and Food, and attended bilateral meetings with Directors General and senior officials.

### **2014 Work Programme**

The Minister for Finance hosted a visit by Commissioner László Andor in February to see first-hand the impact of the European Social Fund on helping people into work and training, including young people.

In early March, the Welsh Government organised a seminar, which was opened by the Minister for Finance, on the National Reform Programme 2014 in conjunction with the European Commission Office in Wales.

We will organise our annual Mock EU Council in September and a seminar on successful approaches to combating youth unemployment later in the autumn.

## **Influencing EU policy-making**

### **Wales and the UK Government**

We will continue to work constructively with the UK Government and Devolved Administrations to influence the development of EU policies.

### **2013 Annual Report**

The main focus of the engagement with the UK Government and the other Devolved Administrations was on negotiations on the overall settlement of the EU Budget for 2014-2020. This included discussion around the associated policy areas (Structural Funds, the CAP, Horizon 2020 and the Connecting Europe Facility) and the related Regulations as well as on the preparation for the implementation of the programmes for 2014-2020. This work has been outlined under the individual policy commitments above.

Welsh Ministers worked with the UK Government, and the other Devolved Administrations on these issues, both bilaterally and through the Joint Ministerial Committee on Europe (JMC(E)), which comprises Ministers from all four administrations, again as outlined above. Engagement occurred also at and around Council meetings.

Officials of the Welsh Government had frequent engagement with their counterparts in the other administrations on the policy areas throughout the year both jointly, for example through the JMC(E) framework and Steering Groups on individual policy areas, and bilaterally. The Welsh Government's EU office worked closely with the UK Permanent Representation to the EU and the EU offices of the other Devolved Administrations.

As an example of a particular policy area, Value Wales contributed to consultations with the EU Commission on new EU Procurement directives and ensured close dialogue with the UK Government and regularly fed in our comments to ensure our Welsh procurement policy views are reflected. The Minister for Finance is giving consideration to legislating in Wales to strengthen adoption of key Welsh Government procurement policies.

### **2014 Work Programme**

Welsh Ministers and their officials will continue to engage with the UK Government and the other Devolved Administrations, through the mechanisms described, to promote and protect the interests of Wales.

## **The Council of the European Union**

Welsh Ministers will participate in the Council of the European Union, as part of the UK delegation, on matters of interest to Wales and aim to influence positive outcomes.

### **2013 Annual Report**

Ireland and then Lithuania held the rotating Presidency of the Council of the EU.

Welsh Ministers were active attendees at Council meetings on issues of importance to Wales. The Welsh Government was represented at Agriculture and Fisheries Council meetings dealing with the reform of Agriculture and Fisheries Policy in Brussels and Luxembourg by the Minister for Natural Resources and Food as part of the UK Ministerial delegation. The Minister also attended the Environment Council later in the year.

The Deputy Minister for Skills and Technology represented the UK for the Education and Youth items at the Education, Youth, Culture and Sport Council in November, speaking on Education and Youth policies.

### **2014 Work Programme**

Greece will hold the EU Presidency from 1 January to 30 June, followed by Italy. The European Parliament elections, which are due to be held between 22-25 May, mean that much of the work of the Greek presidency will be in finalising agreement of policies and legislation from the outgoing parliament.

Welsh Ministers will be part of the UK delegation to meetings of the Council of Ministers at the important stages of negotiations on all policies of interest.

## **The European Parliament**

The Welsh Government works well with Wales' MEPs and will continue to do so to promote the interests of Wales. We will also continue to engage with other MEPs influential on areas of most interest to us.

### **2013 Annual Report**

In November, the EU Office co-organised an event with Kay Swinburne MEP and the British Council Wales to launch the British Council's report on the outstanding, distinctive and unique work taking place in Welsh Higher Education.

The Welsh Government sought to make a contribution to the European Parliament's report on endangered languages and linguistic diversity, collectively through the Network for the Promotion of Linguistic Diversity (NPLD) and through putting forward suggested amendments to the Welsh MEPs, one of whom (Kay Swinburne) was a shadow rapporteur.

### **2014 Work Programme**

The Welsh Government will endeavour to maintain a high level of engagement with the Parliament. This will be particularly important following the Parliamentary elections in May. We will also continue to identify opportunities for Ministerial visits and one example of early engagement is the visit of the Minister for Natural Resources and Food and the Director General of Sustainable Futures to the Parliament in Strasbourg, which will likely take place in early autumn.

## **The European Commission**

The Welsh Government is committed to maintaining close contact and dialogue with the Commission both through our EU Office and via the Commission's office in Cardiff.

### **2013 Annual Report**

The Welsh Government continued to consolidate its relationships with key Commissioners and officials.

Welsh Ministers and officials across a range of policy areas have maintained a regular dialogue with senior Commission officials including Directors-General and members of Commissioners' Cabinets. There are also day-to-day contacts between the Welsh Government's EU Office and the Commission.

As detailed above, the Minister for Finance hosted a visit by Commissioner László Andor in February, meeting him again at the St David's Day reception in March. She is also meeting the Commissioner responsible for Regional Policy, Johannes Hahn on 31 March and recently met the Deputy Director General responsible for education to discuss the Erasmus Plus programme.

### **2014 Work Programme**

As detailed above, the Minister for Finance hosted a visit to Wales by Commissioner László Andor in February, meeting him again at the St David's Day reception in March. She is also meeting the Commissioner responsible for Regional Policy,

Johannes Hahn, on 31 March and recently met the Deputy Director-General responsible for Education to discuss the Erasmus Plus programme.

Further events are scheduled for 2014 in conjunction with the European Commission. For example the Deputy Director-General responsible for Agriculture will attend the Royal Welsh show.

Later this year a new College of Commissioners will be appointed and officials will explore the opportunities for Welsh Ministers to meet appropriate Commissioners.

## **The Committee of the Regions, the European Economic and Social Committee, Relations with EU regions and Member States**

The Welsh Government is outward-looking and committed to co-operating with others on transnational and inter-regional projects; and to co-operating on EU policy proposals when collective positions have more influence.

### **2013 Annual Report**

The Welsh Government facilitated the use of Welsh in the Committee of the Regions as Rhodri Glyn Thomas AM spoke in plenary on three occasions. An official from the EU office was the expert for the report by Mick Antoniw AM for the Committee of the Regions on enhanced co-operation between European Public Employment Services, key proposals from which were debated by the European Parliament. Officials provided briefing to Members of both Committees on a range of issues, including rural policy and the Structural Funds.

In October, the First Minister signed the revised Wales-Brittany Action Plan with Forough Salami, the Vice-President of Brittany's Regional Council, who was leading a Breton cultural delegation to WOMEX (the world music trade fair) in Cardiff.

The Deputy Minister for Skills and Technology met the German Minister responsible for vocational training in the margins of the November Education Council to discuss apprenticeship policy.

The European Territorial Co-operation (ETC) programmes, including the Ireland-Wales programme, present key collaborative opportunities across the EU, with Welsh partners engaged in 89 ETC projects for the 2007-2013 round, from which €41m of EU funds benefited Wales.

It was also confirmed in 2013, that the Welsh Government will assume responsibility for the development and management of the future Ireland/Wales programme, with a functional unit in Ireland to be based in the Southern and Eastern Regional Assembly, which will build on the existing co-operation between Ireland and Wales.

In January, Wales hosted the Network for the Promotion of Linguistic Diversity (NPLD) conference on unlocking the potential of technology to promote less widely used languages and in February, an official from the EU office shared a platform with 2 MEPs and a representative from the Catalan government to discuss the future of linguistic diversity in Europe.

## **2014 Work Programme**

The Welsh Government will continue to be a very active member of the NPLD, the only European network which operates from Wales. The network will launch its European languages roadmap in the autumn and is developing a lobby plan vis-à-vis the new Parliament and Commission.

As a result of the visit of the FM's adviser on First World War commemorations, Professor Sir Deian Hopkin, as noted above, the Welsh Government will host a visit from the Head of the Flemish Government's Ministry for Foreign Affairs in June to explore further developing the relationship between Wales and Flanders.

The financial allocations for European Territorial Co-operation programmes are scheduled to be confirmed by the UK Government in the spring, because of the need to negotiate these programmes with other Member States. Wales is playing a key role in the development of these programmes, and we expect the financial benefits for Wales to be at least the same as the current ETC programmes, of around £40 million.

Work is currently underway on developing the Ireland/Wales Operational Programme for submission to the European Commission by mid-September. The programme will have a strong focus on the Irish Sea, with 3 investment proposals based around innovation, the environment, and cultural and natural resources.

## **EU Expertise**

We will continue to support selective secondments and short-term attachments to EU institutions as a means of developing expertise and raising Wales' profile within the EU. We also aim to stimulate Welsh representatives, from within and outside Government, being included on EU expert groups.

## **2013 Annual Report**

In 2013 the Welsh Government supported 5 secondees in European institutions: 2 officials on secondment to the European Commission, two to the UK's Permanent Representation to the EU (UKRep) and one to the Lithuanian Permanent Representation for the duration of the Lithuanian Presidency of the EU, with all of these officials being at the forefront of EU policy-making. A Welsh presence in these important areas helped to raise Wales' profile within the EU.

## **2014 Work Programme**

In 2014 we will continue to seek out appropriate positions for Welsh Government officials in European institutions where they will develop knowledge and expertise and contribute to policy-making.