

Wales and the European Union

Annual Report for 2012 and Work Programme for 2013

Introduction

The Welsh Government set out its approach to the European Union in its EU strategy “Wales and the European Union”, launched by the First Minister on Europe Day (May 9) 2012. The Strategy showed how the EU’s goals, described in its own Europe 2020 Strategy, complemented our Programme for Government and it identified a series of objectives for the Welsh Government on relations with the EU, on policy areas and promoting engagement. It also outlined how we would seek to influence EU policy-making.

This document fulfils an overall commitment in the Strategy to produce an Annual Report on activities and progress along with an annual Work Programme for the forthcoming year. It addresses and reports on the individual commitments given under the various objectives in the Strategy and should be considered with reference to the Strategy.

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 commitment 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.

2012 Annual Report

The EU’s Single Market continues to be our largest trading partner, despite the difficulties in the eurozone, and remained 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 2012, we have placed a greater emphasis on stimulating exports

and attracting inward investment and, specifically with a focus on the Single Market, have recruited a trade and investment officer to take forward this work. The officer will be based in our Brussels office from February 2013.

In October 2012, we worked in partnership with the European Commission's office in Wales on an event highlighting the 'Opportunities for Wales in the Single Market'. The event attracted a large and diverse audience of stakeholders including SMEs, academics and voluntary organisations. We continued to work with the UK Government's Department for Business, Innovation and Skills (BIS) on Single Market issues.

2013 Work Programme

The Brussels-based trade and investment officer will focus on strengthening links and increasing trade between Wales-based companies and their EU counterparts.

The Welsh Government will also continue to work with BIS and the European Commission office in Wales on Single Market issues to improve and strengthen its effectiveness and to seek to ensure a level playing field across the EU.

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.

2012 Annual Report

In 2012, Welsh Government officials worked closely with officials from the Treasury and other relevant departments across Whitehall in order to ensure that the UK's 2012 National Reform Programme (NRP) incorporated a wide range of contributions on Wales and Welsh Government initiatives.

The NRP report set out Wales', and the wider UK's, progress on structural reforms and plans under the Europe 2020 Strategy including the actions taken to support the five headline targets of the strategy on: Employment; Research and Development and Innovation; Climate Change and Energy; Education; and Poverty and Social Exclusion.

2013 Work Programme

The Welsh Government will continue to engage early with officials from the Treasury and other relevant departments across Whitehall to ensure that policies and actions taken by the Welsh Government are reported in the 2013 NRP, due to be published in 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.

2012 Annual Report

Throughout the year, Welsh Ministers consistently made it clear, both to the UK Government and directly to the EU institutions, that a cut in the EU Budget for 2014-2020 would not be in Wales' interests and advocated that spending should be maintained at current levels, both on the Common Agricultural Policy (CAP) and the Structural Funds, to help Wales through the current economic challenges.

Our overarching objective in the budget negotiations has been an agreement that would deliver jobs and growth for Wales. The Deputy Minister for Agriculture, Food, Fisheries and European Programmes (AFFEP) stated the Welsh Government's position on the budget and the CAP and the Structural Funds at every meeting of the Joint Ministerial Committee on the EU, which involves Ministers of the UK Government and the other Devolved Administrations. He also emphasised the importance to Wales of support for research, development and innovation from the Horizon 2020 initiative and for potential investment in the infrastructure for transport, telecommunications and energy networks under the Connecting Europe Facility as these are all important drivers of growth and jobs.

The Deputy Minister also made the case for Wales and the overall size of the budget to the UK's Minister for Europe on several occasions and on the CAP directly to Ministers of the UK Government's Department of the Environment, Food and Rural Affairs (Defra) and through attendance at every meeting of the EU's Agriculture and Fisheries Council. He held similar discussions with BIS Ministers on the importance of the Structural Funds to Wales, and particularly West Wales and the Valleys, and attended meetings of the General Affairs Council in June and November 2012, when Cohesion Policy and the Structural Funds were on the agenda.

The Minister for Finance and Leader of the House also discussed the EU budget directly with the lead Treasury Ministers through a series of bilateral meetings and calls.

Welsh Ministers similarly stated the case for Wales on the budget, and the importance of EU funding and programmes, directly to the European Commission and the European Parliament. The First Minister met with Budget Commissioner Lewandowski and Regional Policy Commissioner Hahn in Brussels last year and both Commissioner Hahn and Agriculture Commissioner Ciolos visited Wales and had discussions that included the MFF.

The Deputy Minister for AFFEP met with the lead MEPs on both the Structural Funds and the CAP on several occasions to state the Welsh Government's view of the importance of those programmes and the overall budget.

2013 Work Programme

With a European Council of Heads of State and Government being convened for early February to reach an agreement on the EU budget, the First Minister wrote to the Prime Minister to make the case for Wales and the Deputy Minister for AFFEP wrote to the BIS Minister with responsibility for the Structural Funds. The Minister for

Finance and Leader of the House spoke to the Financial Secretary to the Treasury, who leads on the MFF.

Welsh Ministers, and their officials, will continue to take every opportunity to make the case for Wales in the negotiations over the details and the outcome of the budget settlement, which still requires the consent of the European Parliament.

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.

2012 Annual Report

Impressive performance continued to be made with the current Structural Funds programmes. As at December 2012, WEFO was close to achieving its overall commitment target of 100% for the 2007-2013 Structural Fund programmes, with the annual targets that funds allocated from the EU budget must be spent within 2 years of the allocation (known as “N+2”) already met across all four programmes. This performance reflected a total project investment of £3.7bn (of which EU Funds constitute £1.8m), with 275 projects approved and a further 39 projects in the development pipeline. EU projects had already supported 121,000 participants to gain qualifications and 45,600 helped into work. In addition, 16,300 (gross) jobs and some 4,500 enterprises have been created. Securing the best possible outcomes from this investment continues to be the clear focus with ongoing and careful monitoring of commitment, spend and achievement central to maximising the value and impact of these funds for Wales.

Significant progress was also made, in partnership with internal and external stakeholders, on the development of draft proposals for the future Structural Funds programmes 2014-2020. In December 2012, the Cabinet approved draft programme documentation that will form the basis of a public consultation on these new programmes to be run during the first quarter of 2013. The draft proposals reflect, and have strong alignment with, the strategic direction of our Programme for Government as well as the Europe 2020 Strategy and the draft Structural Funds Regulations for 2014-2020. The European Commission and the Welsh Government are both committed to greater future concentration and integration of investments, supported through European Funding, in pursuit of sustainable economic growth and jobs.

2013 Work Programme

Preparations for the next round of Structural Funds will increase significantly during 2013 so that the programmes and projects start in early 2014. However, this does depend on the successful, negotiation and sequential agreement reached on the EU Budget for 2014-2020, the European Commission’s draft Regulations, the UK Partnership Agreement and Wales’ proposed Operational Programmes. WEFO is therefore working closely with the UK Government and with the other Devolved Administrations in pursuit of successful and timely outcomes to these proceedings.

Wales’ preparations are well advanced in relation to the development of future Structural Funds Operational Programmes. Following the public consultation

exercise planned for the first quarter of 2013, it is proposed that the Cabinet will consider and agree the final draft Programmes during July to allow early informal engagement with the European Commission on our proposals from the summer.

In parallel, it will be imperative that key strategic projects are identified and developed in readiness to hit the ground running in 2014. The European Commission's new Common Strategic Framework requires a more integrated approach to the funding of projects under the four core funds (the European Regional Development Fund (ERDF), the European Social Fund (ESF), the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF) and this will necessitate the development of a new approach to the implementation of future programmes. Subject to consideration of the findings of a Review by Dr Grahame Guilford, which is currently considering how best to shape the implementation of future SF programmes, it is currently proposed to develop a 'single portal' arrangement through which to simplify future application arrangements. In addition, in order to achieve better alignment and integration of future proposals, it will be necessary to develop new commissioning approaches. This will require close collaboration with both internal and external stakeholders.

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.

2012 Annual Report

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. The RDP continued on schedule to have committed 100% of the funding by the 31st December 2013, with the annual N+2 (spend) target for 2012 met six months before the deadline. As of the end of 2012 a total of 434 (gross) jobs had been created, with 182 enterprises supported and there had been 26,174 training days delivered, resulting in 15,865 participants successfully completing a training activity.

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 landscape and forests. Most schemes within the Glastir (agri-environment) programme were fully operational by the end of 2012 and delivering against these key objectives. Just over 1,700 Glastir Entry contracts had been signed for 2012 covering around 154,000 hectares, with 107 contracts under Glastir Commons covering just under 68,000 hectares.

It has been important to the Welsh Government to engage constructively and fully in the Reform of the CAP for 2014 - 2020. During 2012 we worked with key elected representatives and officials, with all the UK administrations, the European Commission, the EU's Council of Ministers and the European Parliament, to influence the developments on all of the CAP Regulations. Equally, we worked with

key stakeholders in Wales to start to shape how we will deploy the funds in the future.

Rural Payments Wales continued its impressive performance on payments by processing 91% of the Single Payment Scheme applications on the first day of the payment period (3 December 2012) and over 97% by the end of the year, processing around 16,000 farmers' payments worth approx £235 million in total. Glastir Entry and Glastir Commons payments commenced on 1 November 2012, paying the majority of agreements by the end of the year.

Rural Payments Wales (RPW) Online opened as a pilot in November to praise from farmers and industry representatives who were directly involved in each stage of its development.

2013 Work Programme

Negotiations on the Reform of the CAP will continue during 2013 and we will continue to engage. We intend to consult publicly on our emergent plans for the CAP from February 2013, and hope to engage formally with the European Commission later in the year, with a view to implementing programmes in 2014.

The Advanced and Woodland Management options under the Glastir programme will commence in 2013. We are also in the process of developing two new Organic agri-environment schemes, which are expected to be operational from 2014.

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 RPW Online project aims to maximise the number of farmers registering for the service either directly or via agents/farmers unions during 2013 ready to apply for payments online in 2014 and beyond. The aim is to get all applications submitted online by 2016, saving the industry money, time, effort, and improving our carbon footprint generally. The design will continue to be led by farmers and industry representatives to help ensure it is fit for purpose.

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.

2012 Annual Report

The European Fisheries Fund programme in Wales is relatively small, with a total budget of £16.1m in West Wales and the Valleys and £2.4m in East Wales. The programme continued to deliver and commitments at the end of 2012 were at 55% (£8.8m) in West Wales and the Valleys and 76% (£1.8m) in East Wales.

We began to consider the shape of funding under the anticipated new European Maritime and Fisheries Fund (EMFF), due to come into force in 2014. This was in the context of the ongoing negotiation on the reform of the EU's Common Fisheries Policy (CFP). We pressed to ensure that the experiences of fisheries in Wales,

particularly the sustainable nature of our small-scale coastal fisheries, are given appropriate importance in both the new CFP and the EMFF.

2013 Work Programme

We will make a fuller statement in April 2013, setting out the new Wales Fisheries Strategy to bring about a more sustainable and profitable industry. It will include a vision for fisheries in Wales and the plan to deliver it, including through the most effective use of the EMFF in Wales.

A Re-engine Grant Scheme, under the EFF, was launched in January 2013, offering a further £500,000 of grant aid to small inshore fishing vessels. Full commitment of the remaining budget is expected to be achieved by the end of 2013. A mechanism is in place to follow up expected claims so that these do not slip. N+2 targets have been met to date and are forecast to be met also in the next three years.

Work is continuing on the anticipated new EMFF.

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.

2012 Annual Report

The Minister for Environment and Sustainable Development attended the EU Environment Council and Brussels Sustainable Development Summit, sharing developments and gathering views on the Welsh Government's White Paper on Sustainable Development (SD). This followed the Minister's participation in the Rio+20 summit, at which he promoted our approach to sustainable development and gathered views on our legislative proposals in an SD Bill to make sustainable development the central organising principle of the public service across Wales and to establish an independent sustainable development body to support this change. The Minister shared the White Paper on the SD Bill with regional and sub-national governments from across the globe at the UN Climate Change Conference in Doha.

In this way, the Welsh Government is ensuring Wales continues to be part of the European and wider global community taking forward sustainable development. In the development of the SD Bill thus far, we have ensured that it is complementary to the direction being taken by the EU in emphasising the mainstreaming of SD. We have also looked at the examples of existing sustainable development legislation from a range of administrations across the world. This has informed our approach to many elements of the White Paper and we are confident that our proposed Bill will be a useful model for other regions and countries to learn from in the future.

2013 Work Programme

During 2013-14 the Sustainable Development Bill will be developed and introduced to the National Assembly for Wales.

The Minister for Environment and Sustainable Development will continue to engage with European and wider international events and network with likeminded regions in

order to share our experience in relation to the framing of 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.

2012 Annual Report

The Welsh Government worked closely with the UK Government and the other Devolved Administrations on the negotiation of the new legislative framework for TEN-T (the Trans-European Network for Transport) and the Connecting Europe Facility (CEF) for the period 2014-2020 and on the maps of the Core and Comprehensive networks. This work resulted in an acceptable compromise on the Regulations and the inclusion of key routes and transport facilities in Wales being included on the Core network.

We also worked with the UK Department for Transport (DfT) to identify opportunities to access funding under the CEF and will continue to work on this.

A partnership was signed with BT in July 2012 to deliver the Next Generation Broadband for Wales programme. The programme will ensure that, when combined with commercial roll-out plans, 96% of premises in Wales will be able to access next generation broadband speeds by the end of 2015, well ahead of the EU's 2020 target. The total public sector investment in the programme is £205m, including £89.5m from the ERDF (£80m of which being subject to Major Project Notification approval).

The East–West Interconnector is a high-voltage direct current submarine power cable that connects, from Deeside to County Meath, the British and Irish electricity markets. It was completed in 2012 and inaugurated in September in Ireland by the UK Secretary of State for Energy and Climate Change Ed Davey, the Taoiseach Enda Kenny and European Commissioner for Energy Günther Oettinger.

2013 Work Programme

Negotiations continue with the European Parliament, the European Commission and other Member States to agree the Regulations governing TEN-T in the future and, once that position is clear, finalising the maps.

The CEF has the potential to complement activity in Wales over and above our own programme and to stimulate additional private sector investment. We will engage with the UK Department for Culture, Media and Sport to identify potential opportunities to access funding under the CEF for broadband. State aid approval for the Next Generation Broadband for Wales programme was received on 11th January 2013 and work is underway on this major infrastructure programme.

The CEF also covers e-Services with some eGovernment, eHealth and Europeana (library) activities being relevant for Wales. Directive 2011/24/EU on the application of patients' rights in cross-border healthcare will require us to be able to exchange individual health records with European Health bodies and the Department for Health, Social Services and Children (DHSSC) will explore how this can be done electronically within the activities of the EU's eHealth Action Plan.

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.

2012 Annual Report

The latest available figures showed that the number of participations in the EU's Seventh Framework Programme for research and development (FP7) from Welsh organisations rose by 76 and the financial contribution from the EU rose by €27.2M over the year. These figures represent 2.7% and 2.2% of the UK total respectively, largely unchanged.

Agreement was reached on the rules of participation in Horizon 2020 at the October Competitiveness Council. The Welsh Government's position in favour of the overall simplification agenda and an increased flat rate reimbursement to make it more attractive for SMEs to participate was largely achieved at that meeting.

The Welsh Government reviewed its arrangements for implementing EU funding programmes, resulting in the Welsh European Funding Office (WEFO) becoming the Welsh contact point for FP7 from January 2013 (and subsequently for Horizon 2020).

The Department for Business Enterprise Technology and Skills completed a Call for Evidence on a new Innovation Strategy. Alongside the already published Science for Wales, this is intended to fulfil the European Commission's requirement for 'Research and Innovation Strategies for Smart Specialisation' which is being made a pre-condition of the acceptance of the Operation Plan for Structural Funding and is expected to inform future Horizon 2020 funding applications. Wales is now a full member of the Commission's Smart Specialisation Platform and presented to an event of the Atlantic Arc regions in November 2012

2013 Work Programme

Wales has been accepted for international peer review of the new Innovation Strategy by the Smart Specialisation Platform in March, the earliest possible opportunity, in Brno in the Czech Republic.

The exact role of WEFO in administering Horizon 2020 is still under review but, given the accumulated knowledge and expertise in managing the Structural Funds, it is well-placed to explore complementarities and synergies between the EU funds.

Officials from the Chief Scientist's Department and WEFO are members of the Horizon 2020 UK Steering Group and are feeding into the development of priorities for the RD&I priority framework under the Structural Funds.

Officials from DHSSC are increasing their direct engagement with Commission officials, in particular in the Directorate General for Communications Networks, Content and Technology (DG CONNECT). This is intended to increase the influence, involvement and success of the Welsh Government and Welsh Health and Social Services organisations in EU funding programmes, including Horizon 2020, from shaping future programmes through supporting evaluations to winning project funding.

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.

2012 Annual Report

With the support of the European Social Fund (ESF), the Welsh Government has been running a number of successful programmes to support its aims in line with the Europe 2020 Strategy to raise skill levels in order to stimulate an improved employment rate, including, for example, the part-ESF funded Jobs Growth Wales programme, which was introduced in April 2012. It offers paid 6-month work experience for 'job ready' unemployed 16-24 year olds, helping them to progress into sustained employment or an apprenticeship. It exceeded the year's target of creating 4,000 job opportunities.

Apprenticeships remain another key Welsh Government initiative to increase employment and training for young people and adults at low, intermediate and high skills levels. The Young Recruits Initiative, which offers £50 per week wage subsidy to employers, supported them to recruit and train 1,423 additional apprentices (16-24 year olds) between April and December 2012.

With support from the European Regional Development Fund (ERDF), the Business Start-Up programme has helped create more than 10,000 jobs and supported the creation of 4,350 new enterprises (since its launch in July 2008).

Communities 2.0, supported by the ERDF, has already helped more than 20,000 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 and unemployed. The programme also supports social enterprises and micro businesses to use ICT to innovate and improve delivery.

2013 Work Programme

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 Welsh Government has committed an additional £40m to support Apprenticeships over the next 2 years (2013/14 - 2014/15), which will be used, inter alia, to increase the number of apprenticeship places, particularly to young people (16-24 year olds); to develop and offer Higher Apprenticeships (level 4 and above) to all ages; to support smaller companies to take on and train apprentices. We also plan to build on the success of the Young Recruits programme and support employers to create 2,000 new apprenticeship places in 2013/14.

The Business Start-Up programme, runs until June 2015, when it is forecast a further 13,000 jobs will have been created by an additional 5000 new businesses.

The Welsh Government is currently developing priorities for the new ESF Programme Period (2014-2020) to raise skill levels and improve employment rates. We are proposing (subject to consultation) 3 priorities for West Wales and the Valleys: Education, Skills and Lifelong Learning – Skills for All; Helping People into Work – Employment for All; and Early Years and Young People – Brighter Futures. For East Wales there is a Skills Priority and a Youth Employment Priority.

The Government is also rationalising and streamlining its existing ESF-funded employment and skills support to maximise the impact for individuals and businesses. This is part of wider transition work to develop new project concepts and test new delivery models and structures ready for the new 2014-2020 ESF programmes and that meet the needs of local/regional communities.

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.

2012 Annual Report

Following the publication in March 2012 of Energy Wales: A Low Carbon Transition, which set out our ambition to create a low-carbon economy that delivers jobs; long term wealth and supports our communities, an Energy Programme was established to drive forward these ambitions.

The EU-funded Wales Low Carbon Research Institute, set up to unite and promote energy research in Wales to help deliver a low-carbon future, continued to provide key research in the low-carbon sectors.

Bangor University's Sustainable Expansion of the Applied Coastal and Marine Sectors (SEACAMS) project received funding from the European Regional Development Fund. SEACAMS will promote the integration of research and business opportunities in the marine sector.

The Welsh Government is a partner of an EU-funded project called the Renewable Energy Regions Network (RENREN). Its purpose is to improve regional frameworks for renewable energy expansion; explore how to help the development of renewables; and look at ways to support different technologies. Participation in the network has enabled us not only to share and learn best practice but also to promote

Wales. The Welsh Government hosted an on-site visit to Wales for the RENREN project in May 2012, with twenty experts attending from nine European regions. The visit focused on the marine energy research and development in Wales and the potential for hydrogen as a fuel and for energy storage and included a tour of a new wind turbine manufacturing plant in Chepstow.

2013 Work Programme

The Welsh Government will continue to work with developers to ensure that communities benefit from energy and associated infrastructure at all stages of the development lifecycle. During 2013 we will consult on maximising the European structural and research funding opportunities for Wales from the 2014-20 programmes.

Wales is in discussion with the regions within RENREN on the potential for further collaborative projects and the possibility of establishing another European network.

The Welsh Government will continue to work with the British-Irish Council to raise the profile of marine renewables across Europe.

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.

2012 Annual Report

The Welsh Government contributed to EU programmes on emission reduction and climate change adaptation through implementation of our Climate Change Strategy.

The first annual progress report on delivery of the Climate Change Strategy was published on 29 March 2012. The report concluded that we had made good progress in delivering on our plans to reduce emissions by 3% per year, as well as our commitment to prepare Wales for the impacts of a changing climate in the future.

The key areas where we are focusing our action include: leading by example in the Welsh Government and wider public sector; delivering increased energy efficiency, making low-carbon transport a reality, and building the skills needed to ensure that Wales can make the most of opportunities from a low carbon economy; ensuring that our approach to R&D, technology, innovation and skills help Wales gain maximum benefit from climate change related business and research; and creating a framework to support effective adaptation that delivers for those most in need and those less able to adapt.

2013 Work Programme

The next annual report on the Climate Change Strategy will be published in autumn 2013 and will report on progress to date, review our priorities and identify new measures to support action on emission reduction and preparing for a changing climate.

We will continue to work with the UK Government on implementing policies to deliver commitments in relation to the EU Emissions Trading System and we are supporting the proposed EU Adaptation Strategy by building the evidence base around the impacts of climate change, mainstreaming adaptation in our policies and processes through the development of Sectoral Adaptation Plans and developing tools and resources to help engage organisations and sectors in Wales adapt to the impacts of climate change.

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.

2012 Annual Report

The Minister for Environment and Sustainable Development continued to engage with EU institutions and counterparts from EU Member States on environmental issues of interest and concern to Wales.

In March, he attended the EU Environment Council in Brussels which discussed the low carbon economy, the cultivation of GMOs, the LIFE programme for Environment and Climate, preparation for the Rio+20 Sustainable development Summit, and climate change. In the margins he held discussions with figures including Janez Potočnik, European Commissioner for the Environment, Philip Lowe, Head of the Commission's Directorate-General for Energy, Alan Seatter, Deputy Head of the Directorate-General for the Environment and Ministers of the UK Government and the other Devolved Administrations.

In June, he met Ida Auken, Danish Environment Minister and the then Chair of the EU Environment Council, in Copenhagen to discuss EU proposals and to highlight work to create the single environment body in Wales and the Sustainable Development Bill. He also met with Jacqueline McGlade Executive Director of the European Environment Agency (EEA) to discuss these issues and ways in which the WG could work with the EEA.

In December, he attended the EU Environment Council which discussed the 7th Environmental Action Programme, Europe's water resources, climate change, and resource efficiency. He also attended the Brussels Sustainable Development Summit. During this time he met with Connie Hedegaard, European Commissioner for Climate Action; Phil Hogan (Irish Minister and Chair of the Environment Council from January 2013), Paul Wheelhouse (Scottish Minister), Lord de Mauley (DEFRA Minister) and Derek Vaughan MEP.

The Minister and officials, in consultation with counterparts from all UK administrations, actively engaged in internal UK discussions to develop a coherent UK position ahead of EU negotiations on forthcoming proposals or where there are transposition or implementation issues. This included discussions on the items listed for the Councils above and on legislation such as the water framework directive, waste framework directive, ship recycling, priority substances in water, soil framework directive, air quality directives and planning directives.

2013 Work Programme

The Minister and officials will continue to seek to influence work on technical dossiers begun under the Danish and Cypriot Presidencies, including batteries; ship recycling; LULUCF (land use, land use change and forestry); ILUC (indirect land use change, i.e. biofuels policy), priority substances in water, fluorinated gases.

In addition, 2013 will see attention turn to identifying and agreeing EU Environment priorities to 2020; reviewing air quality legislation and implementation; proposing legislation on invasive alien (plant) species; producing an EU Strategy for the adaptation to climate change; reviewing the Environmental Impact Assessment Directive; and tackling Maritime Emissions.

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.

2012 Annual Report

The Deputy Minister for Children and Social Services visited Brussels in November 2012 to promote Wales as a candidate reference site for the European Innovation Partnership on Active and Healthy Ageing which would represent a collaborative legacy commitment to the 2012 European Year 2012 of Active Ageing and Intergenerational Solidarity. The Minister also held a series of meetings with MEPs and senior Commission officials to promote the Welsh Government's approach to healthy ageing, combating child poverty, children's rights and autism.

The Welsh Government responded to the UK Department of Health regarding the Explanatory Memorandum on EU legislation in relation to the Tobacco Products Directive.

2013 Work Programme

Wales is a candidate reference site for the European Innovation Partnership on Active and Healthy Ageing. This unique transformational strategic programme will contribute to and complement the Welsh Government's Strategy for Older People in Wales (phase 3) 2013-2023. The programme will actively engage with the European Innovation Partnership, leading innovation with partners across Europe.

The Innovation Partnership draws together a variety of funding instruments to support directly the societal challenges of an ageing society. The Department for Health, Social Services and Children (DHSSC) is actively pursuing involvement with a number of programmes under the Partnership, together with the Older People's Commissioner and the Welsh Local Government Association.

As indicated above Directive 2011/24/EU on the application of patients' rights in cross-border healthcare will require us to be able to exchange individual health records with European health bodies and DHSSC will explore how this can be done electronically within the activities of the EU eHealth Action Plan. A more active engagement with the EU eHealth Action Plan is also planned.

The Welsh Government will monitor the implementation of the Health for Growth programme, the final adoption of the cross-border health threats Decision and will track the progress of the Tobacco Products Directive through the EU Institutions in the light of the input to the UK Explanatory Memorandum.

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.

2012 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. The following three Welsh Statutory Instruments (SI) were notified to the European Commission by the Welsh Government in 2012: Welsh SI 2012 No. 245(W. 39) on the Seed Marketing (Wales) Regulations 2012 completing transposition of European directive 2010/60; Welsh SI 2012 No. 2403 (W.257) on the Bluetongue (Wales) (Amendment) Regulations 2012 completing transposition of European directive 2012/5; Welsh SI 2012 No. 2729 (W.292) the Scallop Dredging Operations (Tracking Devices) (Wales) Order 2012 was notified under the Technical Standards Directive, (Directive 98/34/EC Technical Standards and Regulations Directive).

We have worked with officials in UK Government Departments including Defra, DfT, BIS, the Department for Energy and Climate Change, the Department for Communities and Local Government and others on negotiating final EU legislation and the subsequent transposition of legislation in many different policy areas on a joint basis with England.

2013 Work Programme

The Welsh Government is also working with our UK Government counterparts on responding to the European Commission on a number of Pilot Project cases and infraction cases relating to the environment, animal health and fisheries. 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.

2012 Annual Report

The Welsh Government represented the UK on the EU expert working group on cultural and creative industries (CCIs), which is focused on export and internationalisation support strategies for CCIs and good practices for financial engineering for SMEs in the cultural and creative sectors and creative partnerships.

The Government also promoted Welsh good practice in a variety of other areas, for example hosting an agricultural delegation from Malta to see “Farming Connect” first hand, organising a visit to Brussels to promote our new Agricultural Academy (part of the rural leadership programme), presenting Jobs Growth Wales (our new approach to tackling youth unemployment) in a variety of high-profile conferences in Brussels and finally raising awareness of our policies in the field of renewable energy through our involvement in the renewable energy regions network (RENREN)

The ICT Exploitation Team developed and managed the e-Crime Wales Project, which won the 2011 Nominet Award and was also a finalist in the EU RegioStars 2010 category for ICT applications by or for SMEs. Through the DE-LAN (Digital Ecosystems - Learning Application Network) project for sharing knowledge across Europe, the ICT Exploitation Team hosted visitors from the Vysočina Region in the Czech Republic who came to learn best practice from e-Crime Wales.

2013 Work Programme

The ICT Exploitation Team is organising a Digital Summit 2013 which will be a platform for leading technology brands, sponsors and industry speakers to share expertise and vision around key digital trends and innovation. There will be a number of workshops covering different themes.

On the other policy areas, the Government will continue to raise awareness of Welsh good practice and is contributing to work on developing a European Roadmap on Linguistic Diversity, which will be launched in April by the Irish EU Presidency. On education it will continue to promote Welsh good practice in the field of qualifications through involvement in EU networks and projects.

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.

2012 Annual Report

On St David’s day the Welsh Government, in partnership with Music Wales Cerdd Cymru, WOMEX (the world music expo) and the Flanders Music Centre organised a

seminar on sustainability and world music and a cultural event entitled “World Music from Wales and Flanders” to celebrate the fact that WOMEX will be held in Cardiff in October 2013, promote collaboration between Wales and Belgium and further raise the profile of Welsh music in the European market.

We also welcomed the Welsh Youth Choir, Cor Glanaethwy, to Brussels in November. The choir performed at two concerts organised for the Belgian business community, which provided an excellent networking opportunity for the Government, and also in the European Parliament and at the European School.

2013 Work Programme

From the end of January to mid-March, the Welsh Government’s EU office will host an exhibition entitled “Print-making in Wales”, which it is organising in partnership with Wales Arts International and Y Lle Print, a Welsh social enterprise that aims to promote printmaking as an important art form. The exhibition has already attracted a lot of interest and is likely to be the catalyst for collaboration with Belgian and Dutch partners. The end of February will see the annual St David’s day lunch which showcases the best of Welsh food and drink with entertainment to be provided by musicians from the Welsh College of Music and Drama.

In March the Welsh Government, in partnership with the British Council, the Scottish and Irish Governments and together with Belgian partners, will organise a literary event on national literature(s) in a mobile world where identities shift and are multiple. Finally, in October the Welsh Government, working alongside the UK’s Embassy to Belgium, will hold a reception on the occasion of the Belgium - Wales FIFA World Cup qualifier game.

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.

2012 Annual Report

The EU-funded projects on Destination Marketing enabled Visit Wales to focus on the acquisition of new customers for Wales’ tourism businesses. The projects address the Structural Funds Convergence Priority by delivering a strategic marketing campaign designed to improve the awareness of Wales as a tourism destination and increase the level of new and lapsed visitors. The total value of the projects is £10,369,000.

The projects aim to increase Wales’ saliency as a tourism destination in the minds of new or lapsed visitors, give Wales a clear positioning in the competitive market for new tourism business, encourage reappraisal of Wales as a tourism destination in the minds of new or lapsed visitors and stimulate bookings outside the peak summer season by new or lapsed visitors

The projects began on October 1, 2010. As of the end of 2012, they had delivered 295,000 additional new or lapsed visitors holidaying in Wales and an additional £19 million spend by new or lapsed visitors in the Welsh economy.

The Welsh Government developed a very constructive and positive relationship with key stakeholders through an Airport Task force set up and chaired by the First Minister. One of the key achievements was broad agreement of a route development strategy to take forward. A number of positive outcomes were achieved including the announcement of the Vueling Airlines routes from Cardiff to Barcelona, Alicante, Malaga and Palma; the introduction of a Lufthansa Düsseldorf-Cardiff route and confirmation of an Austrian service with Prima Reisen.

2013 Work Programme

Visit Wales' marketing campaign activity under the Destination Marketing projects will continue through the first two quarters of 2013. The formal end date for the projects is March 2014. The projected final achievements are 420,000 additional new or lapsed visitors holidaying in Wales and an additional £40 million spend by new or lapsed visitors in the Welsh economy.

The First Minister has announced that the Welsh Government has agreed to progress towards the purchase of Cardiff Airport. Such an arrangement would enable us to develop a more coherent approach to our national infrastructure planning, and integrate the Airport into our wider economic development strategy. Subject to satisfactory due diligence, our investment in Cardiff Airport has the potential to create many exciting possibilities for the Welsh economy by boosting opportunities for international trade and investment and helping to increase visitor numbers to 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.

2012 Annual Report

The Welsh Government hosted and actively participated in two Advisory Board meetings led by Ecorys, the UK National Agency for elements of the EU Lifelong Learning Programme (in partnership with the British Council, as the other UK National Agency). The Deputy Minister for Skills also held a positive meeting with Ecorys, to discuss ways of maximising use of the EU Lifelong Learning Programme.

2013 Work Programme

The Welsh Government will continue to facilitate, host and participate in the twice yearly Advisory Board meetings and will continue to explore how to maximise use of the new EU programme for education and skills.

The Welsh Government, in close partnership with Wales Arts International, will work to promote and raise awareness of the new Creative Europe programme for the arts and creative industries.

Promoting engagement with the EU in Wales

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

2012 Annual Report

As part of our engagement with civil society organisations and to widen the opportunities for stakeholders to participate in EU policy formation, we organised a series of events. These included a seminar on the National Reform Programme (in conjunction with the European Commission Office in Wales), a Wales Forum on Europe on the European Year of Active Ageing and Solidarity between Generations (in conjunction with the Older People's Commissioner's Office, the UK's Department for Work and Pensions, Age Concern and the Welsh Local Government Association), and a Mock Council of the EU. This last event involved students from 27 schools and colleges from across Wales and one school from Brittany, at which topical EU policy issues were debated.

2013 Work Programme

In January we held an Atlantic Forum Conference in Cardiff, in conjunction with the European Commission, as part of developing a Maritime Strategy for the Atlantic Ocean Area, together with four other EU Atlantic Member States (France, Spain, Portugal & Ireland). Further events scheduled or in the planning stage include another seminar on the National Reform Programme, a possible Wales Forum on Europe focusing on the 40th Anniversary of the UK's membership of the EU, another Mock Council of the EU and a further Wales Forum on Europe event on the European Year of Citizens.

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.

2012 Annual Report

The main focus of the engagement with the UK Government and the other Devolved Administrations was on the 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 EU 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.

2013 Work Programme

There was significant engagement with the UK Government by Welsh Ministers ahead of the European Council convened in early February to consider the EU Budget for 2014-2020, as described above.

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.

2012 Annual Report

Denmark and then Cyprus took their turns holding the rotating Presidency of the Council of the EU, chairing Ministerial Councils.

As indicated above, Welsh Ministers were active attendees at Council meetings on issues of importance to Wales. The Welsh Government was represented at all Agriculture and Fisheries Councils in Brussels and Luxembourg by the Deputy Minister for AFFEP as part of the UK Ministerial delegation. The Deputy Minister also attended the General Affairs Councils on two occasions, when Cohesion Policy was on the agenda.

The Minister for Environment and Sustainable Development similarly attended Environment Council meetings, as detailed above

2013 Work Programme

Ireland will hold the EU Presidency from 1 January to 30 June, followed by Lithuania. Much of the year will be spent seeking agreement on the new policies and programmes that are due to commence from the beginning of the next budgetary period (1 January 2014). Welsh Ministers will be part of the UK delegation to Councils at the important stages of these negotiations.

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.

2012 Annual Report

The Welsh Government continued to consolidate its links with the European Parliament (EP) including key decision makers and opinion formers among MEPs, both in Wales and in Brussels and Strasbourg.

There were five Ministerial visits to the European Parliament. The First Minister met with Welsh MEPs in February, the Deputy Minister for Agriculture, Food, Fisheries and European Programmes (AFFEP) made two visits to Strasbourg, the Deputy

Minister for Children and Social Services spoke at an EP event to promote the Welsh approach to autism and the Minister for Environment and Sustainable Development met with Derek Vaughan MEP on two occasions (March and December).

The Deputy Minister for AFFEP kept in close contact with the rapporteurs on the main legislative items including the Common Agricultural Policy, the Common Fisheries Policy and the Structural Funds, thereby ensuring that the Welsh voice was heard in the European Parliament.

The Welsh Government also welcomed a high-level delegation of MEPs to Wales in the autumn. The visit was an opportunity to demonstrate the impact that Structural Funds investments are having in communities across Wales.

In addition, officials have undertaken the usual range of day to day activity with MEPs, their offices and EP officials including formal and informal briefing and participation in workshops.

2013 Work Programme

The Welsh Government will endeavour to maintain this high level of engagement with the Parliament. This will be particularly important as we near the conclusion of discussions on major legislative issues. We will also continue to identify opportunities for Ministerial visits and further promotional, cultural and awareness-raising activity.

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.

2012 Annual Report

The Welsh Government continued to consolidate its relationships with key Commissioners and officials. The First Minister met Commissioners Hahn (Regional Policy) and Lewandowski (the Budget) early in 2012. The Minister for Environment and Sustainable Development met Commissioners Potočnik (Environment) and Hedegaard (Climate Change) while the Deputy Minister for Agriculture, Fisheries, Food and European Programmes met Commissioners Hahn and Ciolos (Agriculture) in the margins of Council meetings.

Wales also hosted two visits by Commissioners. Commissioner Hahn visited Wales in April, when he saw for himself the impact of Structural Funds investments, while Commissioner Ciolos attended the Royal Welsh Show. Both visits were arranged and facilitated by the Welsh Government.

In addition, 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.

2013 Work Programme

The Welsh Government will work to maintain the momentum established in 2012 particularly as deals are reached on legislative packages and our attention turns towards the implementation of programmes. Some Commissioner visits to Wales are planned and officials are exploring 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.

2012 Annual Report

The Welsh Government, through its EU office, continued to monitor the work of both of these EU advisory bodies. Officials provided briefing to Members of both Committees on a range of issues including rural policy and the Structural Funds.

We facilitated the use of Welsh in a Committee of the Regions plenary session when Rhodri Glyn Thomas AM presented his opinion on synergies between EU, national and sub-national budgets. We also continued to facilitate the use of Welsh in plenary sessions of the Economic and Social Committee, with Tom Jones OBE having used Welsh in the July session.

The Welsh Government continued to engage with a range of EU regions through the regional networks mentioned in the Strategy. In addition, the Welsh Government was part of a Committee of the Regions consortium, alongside some of our key partner regions, examining the concept of an EU Atlantic Strategy. As outlined above, we also continued to play a lead role in RENREN (Regions for Renewable Energy).

Wales continued to benefit from active participation in a range of 2007-2013 European Territorial Co-operation (ETC) programmes for 2007-2013, as outlined in the Strategy. As of early 2013 Welsh organisations are working jointly with a wide range of partners across the EU on 89 ETC projects worth some €42m in grant to Wales from the ERDF.

Concerning relations with EU regions, the Minister for BETS visited Catalonia in June 2012 for meetings with the Generalitat and Catalan companies. Mme Forough Salami, Vice President of the Regional Council of Brittany for European and International Co-operation, led a Breton delegation to Wales in September to study energy policy.

Regarding relations with Member States, Ministers were very active ahead of the Irish Presidency of the Council of the EU. The Deputy Minister for AFFEP visited Ireland for meetings with the Irish Ministers for Agriculture and Public Expenditure Reform in September and the First Minister met with the Taoiseach in the margins of the British Irish Council held in Cardiff in November. As regards other Member States, the Minister for Education and the Deputy Minister for Skills met the French Deputy Minister for Skills during a visit to Paris in December.

2013 Work Programme

The Welsh Government, through its EU office, will continue its work with the Committees and the wider Welsh Government will continue to engage actively with our partners in EU regions and Member States.

The Welsh Government is engaging pro-actively with the UK Government and other EU Member States in developing and influencing the evolution of successor 2014-2020 ETC programmes, which will be aligned with the Europe 2020 Strategy and to promote the interests and raise the profile of Wales.

Concerning relations with other EU regions, in January Mme Maria Vadillo, Brittany's Vice President for Tourism and Heritage visited Wales in January for the Atlantic Forum Conference and meetings with Welsh Government officials. The First Minister is meeting with President Mas of the Generalitat of Catalonia and hosting a Saint David's Day reception in Barcelona to raise the profile of Wales.

For Member States, the First Minister visited Ireland in January where he met with President Michael D. Higgins and addressed the British-Irish Chamber of Commerce Conference.

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.

2012 Annual Report

In 2012 the Welsh Government supported three officials on secondment to the European Commission and two to the UK's Permanent Representation to the EU (UKRep) so that they could be at the forefront of EU policy-making. They worked on high profile areas such as representing the UK Government during the negotiation of the next round of Structural Funds and acting as a lead scientist for negotiations at meetings of the UN's Intergovernmental Panel on Climate Change on behalf of the European Commission. A Welsh presence in these important areas also helped to raise Wales' profile within the EU.

2013 Work Programme

In 2013 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.