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Treasury

Tier 2 Regulatory Capital

The Financial Secretary to the Treasury (Greg Clark): The Government are today clarifying the tax treatment of banks' tier 2 regulatory capital instruments for those already in issue and those which will be issued in the future to ensure compliance with regulatory capital requirements under the forthcoming capital requirements directive IV.

Tier 2 capital instruments may now need to include a reference to the fact that these instruments may be subject to a regulatory requirement to be either written down or converted to share capital at the point at which a bank nears insolvency. Changes to existing tax legislation will ensure that the tax treatment of banks' tier 2 capital instruments is unaffected by this requirement. This is consistent with the tax treatment provided in other countries.

This clarification will ensure that the coupon on tier 2 capital which is already in issue or yet to be issued will be deductible for the purposes of a bank computing its profits for corporation tax purposes. This will provide banks and investors with the certainty they need regarding the issuance of new tier 2 capital instruments that banks need to issue now and in the future to replace existing instruments as they reach their maturity date and to meet their regulatory requirements.

Further details have today been published on HMRC's website, together with a technical note detailing how this is intended to operate.

Communities and Local Government

Planning Applications

The Parliamentary Under-Secretary of State for Communities and Local Government (Nick Boles): The Localism Act has put the power to plan back in the hands of communities, but with this power comes responsibility: a responsibility to meet their needs for development and growth, and to deal quickly and effectively with proposals that will deliver homes, jobs and facilities.

The Secretary of State for Communities and Local Government has the power to “call in” planning applications for his own consideration. There will be occasions where he considers it necessary to call in a planning application for determination, rather than leave the determination to the local planning authority.

The policy is to continue to be very selective about calling in planning applications. We consider it only right that as Parliament has entrusted local planning authorities with the responsibility for day-to-day planning

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control in their areas, they should, in general, be free to carry out their duties responsibly, with the minimum of interference.

In the written ministerial statement of 6 September 2012, /Official Report/, column 29WS, Ministers noted that the recovery criteria already include large residential developments. To align this with the call-in process, we stated we would consider carefully the use of call-in for major new settlements with larger than local impact. Consequently, we have resolved to amend the existing call-in indicators (the “Caborn” principles, 16 June 1999, /Official Report/, column 138W).

The Secretary of State will, in general, only consider the use of his call-in powers if planning issues of more than local importance are involved. Such cases may include, for example, those which in his opinion:

may conflict with national policies on important matters;

may have significant long-term impact on economic growth and meeting housing needs across a wider area than a single local authority;

could have significant effects beyond their immediate locality;

give rise to substantial cross-boundary or national controversy;

raise significant architectural and urban design issues; or

may involve the interests of national security or of foreign Governments.

However, each case will continue to be considered on its individual merits.

Defence

Ofsted Report (Armed Forces Initial Training)

The Minister of State, Ministry of Defence (Mr Mark Francois): Today Ofsted publishes its fourth report on welfare and duty of care in armed forces initial training, copies of which I have placed in the Library of the House. Following visits to 10 armed forces initial training establishments and five armed forces careers offices, Ofsted reports that recruits and trainees feel safe and that their welfare needs are largely being met.

Of the 10 service training establishments inspected, six were judged as good for the overall effectiveness of their welfare and care arrangements; two were judged as outstanding and two as satisfactory.

The armed forces are keen to ensure that the initial training environment is supportive of the needs of those new to the service and the particular focus of the Ofsted inspection provides additional detail on which to reflect and review the effectiveness of their training regimes.

Education

Voluntary and Community Sector Prospectus

The Parliamentary Under-Secretary of State for Education (Mr Edward Timpson): The Department for Education is today publishing a national prospectus launching our new grants programme for 2013-15. It also describes a number of additional key services and activities that we will be investing in for the benefit of children, young people and families over the course of the next two years.

The package will be worth up to an estimated £60 million made up of £30 million of grant funding and £30 million of contracts, in both 2013-14 and 2014-15.

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It follows the £60 million annual grant investment in both 2011-12 and 2012-13, announced in February last year. That investment specifically included funding to help successful bidders remodel their long-term financing to help them reduce their dependence on central Government grants once the current two-year funding period ends.

The national prospectus grants programme 2013-15 will provide up to £30 million in grant funding each year in 2013-14 and 2014-15. The scheme will focus on delivering the following five priorities:

Promote excellence in early education and child care, so enabling all children to achieve success in their early years and later education.

Develop and reform safeguarding services that protect and support children at risk of harm.

Develop and reform the care system and speed up the process of adoption.

Develop and reform services that support children with SEN, disabilities and other health needs.

Focus and develop local services to support improved outcomes for young people, particularly the most disadvantaged and vulnerable.

We are inviting applications from voluntary and community sector organisations, social enterprises and other organisations bidding on a “not for profit” basis.

We hope to receive new, innovative proposals for work which can make a real difference on the ground and inform and guide national policy in our priority areas.

Funding will be available for two years from 1 April 2013. The grants programme application process opens today. Bids must be received by noon on 30 November 2012. The accompanying grants prospectus sets out the details of the bidding process.

In addition to the grants programme we will be continuing to invest in services for children, young people and their families through funding a number of services for specific activities that meet our policy priorities.

The prospectus provides brief details of a number of contracted services which we expect to procure in the coming months. We expect to make announcements about contracts for a range of new relationship support services later this year.

We have also recently announced that we will be continuing funding for a number of online and telephone family support services.

Taken together in conjunction with the grants programme we estimate up to £60 million will be made available to support these activities and services for children and families in each year in 2013-14 and 2014-15.

A copy of the national prospectus has been placed in the Libraries of both Houses.

Environment, Food and Rural Affairs

Convention on Biological Diversity (Hyderabad Conference)

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Richard Benyon): I am pleased to announce to the House

that on behalf of the United Kingdom I have negotiated an agreement at the conference of parties to the convention on biological diversity which will ensure that the progress made since the last

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meeting in Nagoya in 2010 towards halting biodiversity decline will be maintained. The outcome of the negotiations is a step in the right direction for the protection of our precious ecosystems which form the basis for human life and economic activity.

The key aspect of the negotiations was an agreement on a resource mobilisation strategy which will double total biodiversity-related international resource flows to developing countries, from all sources, both public and private taken together, by 2015, and to maintain this level at least until 2020. This includes financial, technical and human resources from both public and private sources and highlights the need for all partners, both public and private, to work together towards protecting our vital biodiversity.

All parties have also agreed that improving the availability and accuracy of data to capture the full range of biodiversity-related funding is a high priority. The agreement establishes a new process to make more transparent the resources being committed domestically by developing countries; and makes it clear that any increase in international flows will be dependent on developing countries giving increased priority to biodiversity in their development plans.

Biodiversity will continue to be an important consideration for UK aid. Spending on biodiversity is demand-driven, and countries have committed to prioritise biodiversity in their national development plans and programmes. We remain on track to deliver our commitment of 0.7% of our gross national income by 2013 to be spent on official development assistance and any spending in consequence of Hyderabad will be met within our existing commitment.

This agreement on resource mobilisation could only be acceptable to the United Kingdom with a reaffirmation by all parties of the commitments made in Nagoya in 2010. We have agreed an indicator framework for assessing progress towards the 20 "Aichi targets" which is integral to halting global biodiversity loss. Globally and nationally we must now focus on the implementation of the strategic plan for biodiversity 2011-2020 and the achievement of the 20 "Aichi targets".

On access and benefits sharing, one of the key agreements in Nagoya two years ago, we now have a road map for delivery towards the first meeting of the parties to the Nagoya protocol. Furthermore, we made some real progress on applying biodiversity safeguards for reducing emissions from deforestation and forest degradation, without cutting across the climate change convention, thereby achieving key UK objectives. There were also acceptable decisions about collaboration between biodiversity and climate change institutions on ecosystem-based approaches to adaptation and on geo-engineering.

We have also made good progress on marine issues. Ecologically and biologically significant areas will be stored in a repository for reference and examination by other authorities. This will help us and other countries to take the ecological and biological sensitivities of these areas into account when forming policy on these precious marine areas. This is a real and positive statement from the conference and for the protection of marine biodiversity.

I was particularly pleased to take the opportunity to promote British trade links with India and the Andhra Pradesh region. Seeing the efforts of Marks and Spencer,

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which has been working with an NGO, WWF, to protect the environment while increasing the incomes of thousands of Indian farmers was a good demonstration of the difference ethically minded British companies can make. The ethos displayed by the farmers underlined again that sustainability and good environmental practice will lead to development and improved livelihoods. My visit to the pharmaceutical company Dr Reddy which displayed an ethical and sustainable business practice was also inspiring. Its investment into the United Kingdom is a showcase of how our first-rate education system continues to attract international focus and an excellent example of developed and developing country collaboration for the benefit of all.

Here in the UK we are satisfied that our national plans for biodiversity can be successfully implemented within the framework of this agreement. We can feel reassured that we are on the right track and leading the way on the protection of our biodiversity and proud of the continuing role the UK plays internationally on biodiversity.

Foreign and Commonwealth Office

Foreign Affairs/Development Foreign Affairs/General Affairs Councils

The Minister for Europe (Mr David Lidington): My right hon. Friend the Foreign Secretary attended the Foreign Affairs Council (FAC) in Luxembourg on 15 October. My right hon. Friend the Secretary of State for International Development attended the Development FAC held later the same day. I attended the General Affairs Council (GAC), also in Luxembourg, on 16 October.

Foreign Affairs Council (FAC)

The meeting was chaired by the High Representative of the European Union for Foreign Affairs and Security Policy, Baroness Ashton of Upholland. A provisional report of the meeting and all conclusions adopted can be found at:

http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/132896.pdf

/Mali/

Ministers agreed conclusions that called on the Malian Government of National Unity to adopt a road map towards the restoration of constitutional order and a united Mali. Progress on this would allow the gradual resumption of EU development co-operation. Recognising the urgent need to improve the security situation, the Council agreed to proceed with planning for a military CSDP mission to help restructure and train the Malian army and asked the High Representative and the Commission to explore what additional support to give to regional partners, particularly ECOWAS. The High Representative set out three pillars for EU action in Mali: support to the political process; support to internal political negotiations; and support to ensure a credible threat of force if other efforts failed. Ministers welcomed the adoption on 12 October of United Nations Security Council Resolution 2071 pointing to the excellent co-ordination between New York and Brussels, and agreed that the EU should play an active role in resolving the Malian crisis. The EU action needed to follow African, and in particular Malian, ownership and be based on a further UNSCR.

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The Foreign Secretary highlighted the urgency of the crisis and informed the Council of the appointment of Stephen O'Brien MP as the UK special envoy for the Sahel as a sign of the importance the UK attached to the region. The Foreign Secretary expressed full support for the need to begin urgent planning for a CSDP mission, and stressed that it was vital not to lose sight of needs elsewhere, particularly in Somalia, and that the EU needed to support progress in both parts of the continent, backed up by financial support.

/Southern Neighbourhood/

Ministers reviewed developments in Syria and in Egypt.

Ministers agreed conclusions on Syria condemning the violence, urging all donors to increase humanitarian aid, and agreeing EU support to Syrian civil society and work with international partners on planning for Syria post-transition. The FAC agreed a further round of EU sanctions, designating new Syrian Government Ministers, designating new entities and extending the flight ban to cover all Syria Arab Airline passenger flights to the EU.

The Foreign Secretary said in a statement after the meeting:

"I welcome the EU's decision today to adopt a 19th round of sanctions against the Syrian regime, to provide support to civil society inside Syria and to work with the international community to plan for a post-Assad Syria. The landmark agreement to work with civil society will help build essential capacity to enable a peaceful transition.

It is utterly unacceptable that the regime continues to attack its own people with brutality and without remorse. This latest package of

sanctions, which strikes at the heart of the regime, targets senior members of the Assad government and entities with links to the regime's chemical and biological weapons programme. These new sanctions give a clear warning to those close to the regime that if they back Assad and commit acts of violence and torture against civilians, the international community will hold them accountable.

As the conflict escalates, it is ordinary Syrians who suffer: women and children are the victims of sexual abuse by the regime and its militia; over 300,000 refugees have been forced to flee to neighbouring countries to seek sanctuary; and over 2.5 million people are in need of urgent assistance.

Our objective remains an end to the violence and a transition to a more democratic and stable Syria through a political solution. We urge all members of the international community to implement similar sanctions to choke off the resources the Assad regime needs to continue the killing and to continue to threaten regional stability. No country should shut its eyes to the horrors we are witnessing. History and the Syrian people will judge them harshly if they do."

On Egypt, Ministers looked ahead to the EU-Egypt taskforce, on November 13-14. The Foreign Secretary welcomed the importance placed on the taskforce, and stressed that this was an opportunity for Egypt to address its political reforms, and that further support should be matched to progress on agreed reforms.

/Middle East Peace Process/

Baroness Ashton briefed Ministers following the United Nations General Assembly high-level segment. During the subsequent exchange, Ministers discussed President Abbas' intention to put forward a UN General Assembly resolution on Palestinian status, and considered what the EU could do to enhance the prospects for negotiations in 2013.

The High Representative informed Ministers that she would shortly be travelling to Israel, the Occupied Palestinian Territories, Jordan and Lebanon.

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/Iran/

Ministers agreed a comprehensive package of additional sanctions against Iran, with UK proposals providing the backbone. The package significantly increases the pressure on Iran to negotiate seriously on the nuclear issue. It includes measures on Iran's finance, trade, energy and transport sectors, for example:

a financial cut-off: banning all financial links with Iran, unless explicitly authorised; the full designation of the Central Bank of Iran; and further restrictions on the supply of export credit;

trade bans in several key sectors including energy, naval equipment,

metals and graphite as well as software used by industries controlled by the Iranian Revolutionary Guard Corps; and

a gas embargo, sanctions on all the key Iranian energy companies and ministries as well as further measures to prevent circumvention of the oil embargo agreed in January.

We also pushed to include clear exemptions for humanitarian transactions, such as payments for medicines and foodstuffs.

Ministers also agreed conclusions which condemned Iran's continued production of enriched uranium and expansion of its enrichment capacity, set out the new sanctions package, stressed the need for Iran to engage seriously with negotiations and reiterated the EU's commitment to the dual-track approach of pressure and engagement.

Following the meeting the Foreign Secretary said:

"The EU has today increased the pressure on Iran through another substantial package of sanctions. These are a direct response to Iran's continued refusal to take concrete steps to address our concerns about its nuclear programme.

Despite six UN Security Council Resolutions calling for Iran to cease enrichment-related activities and offer reassurance to the world, and repeated International Atomic Energy Agency reports highlighting questions that Iran has yet to answer, Iran continues to chose the wrong path. It is enriching uranium on a scale that has no plausible civilian justification and increasing its enrichment capacity at a heavily-protected site that it originally sought to keep secret.

The EU's message today is clear: Iran should not underestimate our resolve. The choices being made by Iran's leaders are already having a profound impact.

Today we have taken steps to prohibit financial transactions with Iranian banks, to intensify restrictions in the energy sector and to limit some areas of trade, in order to choke off revenue that Iran is using for its nuclear programme, prevent it from accessing materials for the programme, and prevent it from circumventing existing sanctions.

We will continue to do all we can to increase the peaceful pressure on Iran to change course and to return to talks ready to reach a negotiated solution by addressing the world's concerns. We want a negotiated solution, but Iran must show that it is willing to address our concerns".

/EU-China Summit/

The High Representative briefed Ministers on the EU-China summit held on 20 September, in view of the discussion expected at the European Council of 18-19 October on relations with strategic partners. She stated that it had been a good opportunity to continue to build the relationship, and underlined the importance of the EU having a co-ordinated approach.

/Eastern Neighbourhood/

Ministers agreed conclusions on Belarus, recording the rollover for one year of the existing sanctions regime (without adding any new listings on this occasion),

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noting the missed opportunity of the 23 September parliamentary elections, and restating the elements of the EU's policy towards Belarus. The conclusions again call on Belarus to respect diplomatic privileges and immunities, reflecting the regime's de facto closure of the Swedish embassy in Minsk.

Ministers agreed conclusions on Georgia, congratulating the Georgian people on the significant democratic step represented by the 1 October parliamentary elections, recognising and setting out the EU's offer to Georgia to help support that political transition and ensure that it continues to be a peaceful and constitutional one.

/Other business/

Ministers agreed without discussion a number of others measures, including:

Authorisation for the Commission to open negotiations for a framework agreement with Kosovo concerning its participation in EU programmes and adopted negotiating directives.

Conclusions on the Common Security and Defence Policy (CSDP) operation EUFOR Althea, which

“confirm the EU's readiness to continue at this stage an executive military role to support Bosnia and Herzegovina's efforts to maintain the safe and secure environment, under a renewed UN mandate”.

Adoption of revised guidelines on the criteria for selection procedures in UN system organisations, the EU co-ordination of applications, and support for third country candidates.

Implementation of changes to the UN sanctions regime against Eritrea in EU law.

Following changes decided in the UN Security Council, amendments to the restrictive measures in view of the situation in Somalia.

Adoption of the EU position for the sixth meeting of the Association Council with Lebanon, due to take place on 17 October in Brussels.

Development Foreign Affairs Council

Commissioners Piebalgs (Development) and Georgieva (Humanitarian) attended the meeting chaired by Baroness Ashton.

/Summary/

The Secretary of State for International Development represented the UK and held a set of introductory bilateral meetings with EU counterparts and the Commission. The Secretary of State called for further reforms of EU aid, including to focus resources on the poorest and to deliver better results. An extensive debate in the Council on the post-2015 development landscape confirmed that member states were eager to shape the international debate and promote a coherent EU approach, though divergences of view remain. The UK continues to support a coherent EU position, but warned of pre-empting the UNSG's high-level panel.

/Preparing for the post-MDGs/2015 framework and Rio+20//follow-//up/

Baroness Ashton underlined the importance of this process which would determine the global goals that nations would sign up to for the period beyond 2015. The EU wishes to be actively engaged and develop a unified approach. The Commission (Piebalgs) noted that there were still three years to go to meet the current millennium development goals (MDGs) and that efforts should be made to achieve these. The EU believes it has a natural role in helping design a successor framework,

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drawing on its extensive development experience and global development leadership. A Commission communication, due early 2013, would set out a proposed EU common position; this would be discussed by Ministers at the February Development informal with a view to reaching conclusions at the May Development Council. The Commission would arrange joint events in 2013 with the African Union and with Africa Caribbean Pacific (ACP) group countries to inform the EU approach. Piebalgs also said that although he was on the UNSG's high-level panel (HLP) in a personal capacity he wanted to reflect views of EU Development Ministers. EU Ministers voiced support for the need for a coherent approach to bring together the post-2015 development framework and the follow-up to Rio+20.

The Secretary of State underlined the importance of listening carefully to the views of developing countries and emerging economy partners in preparing the new framework, as the Prime Minister had made clear in his role as co-chair of the HLP. The UK was clear that whatever followed the MDGs should retain a strong poverty focus. Coherence between the post-2015 and sustainable development goals (SDGs) processes was key but we should not develop a fixed EU position before the HLP and SDG processes have had time to make some progress. The Secretary of State also took the opportunity to call on the Commission to push forward with its reform of EU aid to improve the poverty and results focus.

/Commission Communication on Transition Societies/

Baroness Ashton introduced the new communication which presented a number of options for how to support a broad range of transition processes. The Commission (Piebalgs) elaborated by explaining that the communication was about harnessing the EU and member states transition experience and put it to good use in development programming, recognising that EU support should always be driven by partner

countries' requirements and avoid a "one size fits all" approach. The EU Council presidency (Cyprus) will shortly table a set of draft Council conclusions which will be subject to detailed debate prior to adoption later in the year.

/Commission Communication on Resilience/

The Commission (Georgieva) introduced the new communication which called for the EU to place efforts to build resilience at heart of its development work. Investment in resilience was noted as good value, as larger costs were avoided later. The communication set out how the EU could better anticipate crises, invest in prevention and enhance response capabilities; all of which were informed by lessons learned Supporting Horn of Africa Resilience (SHARE) and l'Alliance Globale pour l'Initiative Résilience Sahel (AGIR). The UK (Cunliffe) supported the Commission's work on resilience, calling for greater focus on effective resilience efforts internationally.

/Adoption of Council Conclusions/

The Council adopted conclusions on: Europe's engagement with civil society in external relations; social protection in European Union development co-operation; financing for development; and the annual report 2012 on the EU's development and external assistance policies in 2011.

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General Affairs Council (GAC)

The GAC was chaired by the Cypriot EU presidency, Mr Andreas Mavroyiannis, Deputy Minister for European Affairs. A provisional report of the meeting can be found at:

http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/EN/genaff/132908.pdf

/Multi//annual Financial Framework informal breakfast/

Before the plenary session of the General Affairs Council (GAC) the Cypriot EU presidency hosted an informal breakfast meeting to discuss the multiannual financial framework (MFF). This meeting included representatives from the European Parliament and the Cabinet of the President of the European Council. The Cypriot EU presidency circulated a non-paper in advance of the meeting, which focused on "Better Spending" proposals, macro-economic conditionality and flexibility. I have placed a copy in the Libraries of both Houses.

As well as defending the UK rebate, I spoke on behalf of the "Likeminded" group of member states and made six points. I re-emphasised the need for the MFF to reflect the tough consolidation efforts that are being made by member states at home; for the sake of transparency, all areas of spending should be brought on budget; there needs to be

substantial reductions to administrative costs; the effectiveness and value for money of all EU budget spending must be improved—cohesion policy in particular should be designed to contribute more to growth in the EU's poorest regions; the Reste à Liquider (RAL) issue of unspent commitments must be addressed in the next MFF to ensure predictability and stability in the levels of payments for all member states; and the "Reverse Safety Net" and "Payments Guarantee" need to be included in the negotiating box in part to address the issue of RAL and also to deliver the necessary savings required in cohesion funding from the Commission's proposals.

/Cohesion Policy/

The presidency sought a partial general approach on elements of the package of cohesion regulations. They presented seven blocks to be agreed: territorial development, information and communication, financial aspects not covered by the MFF, elements of European territorial co-operation, indicators, management and control, and country-specific recommendations in strategic programming.

The Ministers of the GAC, including myself, were broadly content with the package. I supported on the basis that nothing is agreed until everything is agreed, but noted that we would have preferred to see more "results" and "outcome" common indicators across the funds. I also highlighted the disproportionate administrative burden that the Commission's additionality proposals would create for some member states, including the UK. Additionality is where member states are required to maintain levels of national spending to ensure that EU funds do not displace member state spending.

All member states agreed to the partial general approach, but Italy asked for a statement to be added to the minutes on their behalf. This will maintain their reserve overall on the financial aspects not covered by the MFF block and was due to their concerns about the additionality proposals in their current form.

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/October and November European Councils/

During the plenary session, and over a lunch which included European Council President Herman van Rompuy, there was discussion on the European Council which took place on the 18 and 19 October. The main thrust of this meeting was on banking union and economic policy, including the presentation of the interim report on economic and monetary union from the four Presidents, European Council President Herman van Rompuy, European Commission President José Manuel Barroso, European Central Bank President Mario Draghi and Eurogroup President Jean-Claude Juncker. There was also discussion of strategic partners, focusing on EU/China relations, and of foreign policy, specifically Syria and Iran.

I reaffirmed the UK's concerns that the banking union proposals must respect the integrity of the single market, especially decision-making

arrangements in the European Banking Authority. I also called for more ambition on trade, specifically with the US. We should also be looking to open negotiations with Japan before the end of the year.

The Prime Minister and Leader of the House of Lords provided further details of the events at the October European Council itself in statements made on Monday 22 October.

The Cypriot presidency formally introduced the annotated agenda for the November European Council which will focus exclusively on the multiannual financial framework.

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/Follow-up on other European Councils/

At the last meeting of the General Affairs Council (GAC) on 24 September I argued that there should be a stronger role for the GAC in following up on the implementation of European Council conclusions. In response, the Cypriot EU presidency presented a report on the ongoing work requested at previous European Council meetings.

This useful presentation highlighted areas where faster progress was required, such as the “two-pack” of economic measures; the need to maintain momentum on the Single Supervisory Rule Book; and parts of the Single Market Act I and II, where the Commission aim to deliver all key legislative proposals by spring 2013.

/Any other business: Informal Ministerial Conference on the Integrated Maritime Policy/

The presidency updated the Council on the 8 October Limassol conference. This conference discussed the economic, environmental and social challenges affecting all sectors of the marine and maritime economy and emphasised the importance of the maritime economy to jobs and growth (“Blue Growth”).

I will continue to update Parliament on future Foreign Affairs Councils, Development Foreign Affairs Councils, and General Affairs Councils.

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