



HOUSE OF LORDS

European Union Committee

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29th Report of Session 2006–07

**Evidence from the  
Ambassador of  
Portugal on the  
Priorities of the  
Portuguese  
Presidency**

Report with Evidence

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# Evidence from the Ambassador of Portugal on the Priorities of the Portuguese Presidency

1. In recent years it has been our practice to take evidence regularly from the Ambassador of each incoming presidency country.
2. Accordingly, in this Report we make available for the information of the House the oral evidence given to us by His Excellency Mr António Santana Carlos, Ambassador of Portugal, on 17 July 2007.
3. The key topics in the evidence are:
  - Climate change (Q 24)
  - The Common Agricultural Policy Health Check (Q 23)
  - Criminal justice measures (Q 25)
  - The Doha Trade Round and bilateral trade negotiations (Q 33)
  - The EU-Africa Summit, and the attendance of President Mugabe (QQ 29–30)
  - EU enlargement (QQ 14–15)
  - The European Institute of Technology (QQ 20–21)
  - European Parliament representation to the IGC (Q 3)
  - Funding the European Union (QQ 17–18)
  - The IGC Mandate and the Reform Treaty (QQ 2, 4, 6, 11)
  - The internal markets in financial services, gas and electricity (Q 16)
  - Labour laws (Q 22)
  - The Lisbon Strategy (QQ 2, 16)
  - A Mediterranean Union (QQ 31–32)
  - National parliaments and the Reform Treaty (Q 6)
  - *Passerelle* clauses (QQ 7–10)
  - The presidency Trio (Q 2)
  - Protection of personal data (Q 26)
  - The Reform Treaty and the Constitution (QQ 4–6)
  - The Schengen Information System (QQ 27–28)
  - The Stability and Growth Pact (Q 19)
  - Transparency and access to documents during the IGC (Q 3)
  - Voting rights and the Reform Treaty (QQ 11–13).

## APPENDIX 1: SUPPLEMENTARY MEMORANDUM FROM THE AMBASSADOR OF PORTUGAL

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**Q 13 Lord Roper:** “In the statement which your Prime Minister made through the Portuguese Assembly on 27 June, there is, in the English text at the bottom of page 3 and the top of page 4, a reference to precisely that point. He said, “In addition to this balance”—that is, the voting balance—“the conditions in which the so called ‘Ioannina Compromise’ have been improved, thus safeguarding the position of clear minorities in the Council of Minister votes.” I wonder if you could tell us what was the improvement on the Ioannina Compromise to which he was referring.”

The Portuguese Prime Minister has just stated<sup>1</sup> what is referred on paragraph 13 of the mandate agreed at the EU council in June, which reads as follows:

“13. The double majority voting system, as agreed in the 2004 IGC, will take effect on 1 November 2014, until which date the present qualified majority system (Article 205(2) TEC) will continue to apply. After that, during a transitional period until 31 March 2017, when a decision is to be adopted by qualified majority, a member of the Council may request that the decision be taken in accordance with the qualified majority as defined in Article 205(2) of the present TEC.

In addition, until 31 March 2017, if members of the Council representing at least 75% of the population or at least 75% of the number of Member States necessary to constitute a blocking minority as provided in Article [I-25(2)] indicate their opposition to the Council adopting an act by a qualified majority, the mechanism provided for in the draft Decision contained in Declaration n° 5 annexed to the Final Act of the 2004 IGC. As from 1 April 2017, the same mechanism will apply, the relevant percentages being, respectively, at least 55% of the population or at least 55% of the number of Member States necessary to constitute a blocking minority as provided in Article [I-25(2)].”

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<sup>1</sup> The Presidency Conclusions of the Brussels European Council (21–22 June 2007), p. 18.

## **APPENDIX 2: RECENT REPORTS FROM THE SELECT COMMITTEE**

### *Session 2005–06*

Evidence by Commissioner Franco Frattini, Commissioner for Justice, Freedom and Security on Justice and Home Affairs Matters (1st Report, Session 2005–06, HL Paper 5)

Correspondence with Ministers: June 2004–February 2005 (4th Report, Session 2005–06, HL Paper 16)

Ensuring Effective Regulation in the EU (9th Report, Session 2005–06, HL Paper 33)

Evidence from the Minister for Europe—the European Council and the UK Presidency (10th Report, Session 2005–06, HL Paper 34)

Scrutiny of Subsidiarity: Follow-up Report (15th Report, Session 2005–06, HL Paper 66)

The Work of the European Ombudsman (22nd Report, Session 2005–06, HL Paper 117)

Annual Report 2005 (25th Report, Session 2005–06, HL Paper 123)

Ensuring Effective Regulation in the EU: Follow-up Report (31st Report, Session 2005–06, HL Paper 157)

EU Legislation—Public Awareness of the Scrutiny Role of the House of Lords (32nd bis Report, Session 2005–06, HL Paper 179)

The Brussels European Union Council and the Priorities of the Finnish Presidency (44th Report, Session 2005–06, HL Paper 229)

Annual Report 2006 (46th Report, Session 2005–06, HL Paper 261)

The Further Enlargement of the EU: threat or opportunity? (53rd Report, Session 2005–06, HL Paper 273)

### *Session 2006–07*

Evidence from the Minister for Europe on the Outcome of the December European Council (4th Report, Session 2006–07, HL Paper 31)

Government Responses: Session 2004–05 (6th Report, Session 2006–07, HL Paper 38)

The Commission's 2007 Legislative and Work Programme (7th Report, Session 2006–07, HL Paper 42)

Evidence from the Ambassador of the Federal Republic of Germany on the German Presidency (10th Report, Session 2006–07, HL Paper 56)

The Commission's Annual Policy Strategy for 2008 (23rd Report, Session 2006–07, HL Paper 123)

The Further Enlargement of the EU: follow-up Report (24th Report, Session 2006–07, HL Paper 125)

Evidence from the Minister for Europe on the June European Union Council and the 2007 Inter-Governmental Conference (28th Report, Session 2006–07, HL Paper 142)

# Minutes of Evidence

TAKEN BEFORE THE SELECT COMMITTEE OF THE EUROPEAN UNION

TUESDAY 17 JULY 2007

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Present	Blackwell, L	Roper, L
	Bowness, L	Sewel, L
	Grenfell, L (Chairman)	Thomas of Walliswood, B
	Harrison, L	Tomlinson, L
	Maclennan of Rogart, L	Wright of Richmond, L
	Marlesford, L	

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## Examination of Witnesses

Witnesses: HE MR ANTÓNIO SANTANA CARLOS, Portuguese Ambassador, and MR ISRAEL SARAIVA, First Secretary, Portuguese Embassy, examined.

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**Q1 Chairman:** On behalf of the Committee, may I welcome you very warmly, Ambassador, and also Mr Saraiva. Thank you very much indeed for coming. May I begin by wishing the Portuguese Presidency well. It seems to be off to a very active start and it is a very important presidency, considering what is going to happen in the IGC but not forgetting that there are many other issues in which Portugal has a great interest in making progress on behalf of all of us. Ambassador, as I think we are agreed, you would like to make a brief opening statement and then we will go to the questions. I understand that you have said you could stay with us until midday. Is that possible?

*HE Mr Santana Carlos:* Yes.

**Q2 Chairman:** Then we probably will be able to get a lot done. We are of course on the record. As I explained, you will get a transcript of the exchanges as quickly as possible, in the early days after the meeting. May I invite you to make an opening statement.

*HE Mr Santana Carlos:* Thank you, my Lord Chairman and Members of the Committee. I am pleased we are having this opportunity at a very early stage of the Portuguese Presidency of the European Union to exchange some views on our priorities for the second half of the year. Before we start discussing in more detail some parts of our programme, let me state that our priorities are coherent with the plan traced for the 18 months that started early in January with the previous German Presidency and will end on 30 June 2008 with the Slovenian Presidency. This is what we usually call the "Trio programme". The cooperation with the Trio, with our German and Slovenian friends, could hardly be more rewarding. It has shown that this innovative way of doing business between Member States can bring clear gains in both coherence and predictability of the actions carried

out by the rotating presidencies. This cooperation represents the diversity of States within the European Union as well as its global balance. Thanks to the excellent performance by the German Presidency, which we have had great pleasure to work with during the last six months, and the will to compromise of all Member States, we will do our utmost to bring to a successful end the good work already achieved. As you might have guessed, I am referring particularly to the mandate for the new Treaty. Our heads of state and government have approved a very precise mandate and a clear timeline. We are now in a position to move forward in turning the mandate into a new Treaty as quickly as possible and in any case before the end of 2007. This task will constitute our main priority in the months ahead and we are very determined to achieve it successfully. We have to take advantage of the political momentum and that is why my Prime Minister decided to convene the Inter-Governmental Conference (IGC), starting next week, on 23 July, back to back with the European Union General Affairs and External Relations Council that is going to take place in Brussels. We shall also circulate a draft Treaty drawn up on the basis of the detailed instructions set out in the mandate which constitute the exclusive framework. May I conclude this first remark by stressing that we are relying on the determination and commitment of all Member States. The contribution of the United Kingdom has always been of extreme importance to Europe. We firmly believe that the UK is a key partner and a driving force within the Union, therefore we will count on its cooperation to take this work to a very successful conclusion during our Presidency. My Lord Chairman, we have an extensive list of areas where our views coincide. It is also true that sometimes some differences arise. But more important we have learned within the European Union how to compromise with the aim to move

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forward in fields that really matter to our citizens. This would be my second remark. European citizens demand answers to questions that directly affect their everyday lives and where they recognise that Europe can produce concrete results. These are the answers we have to be able to find collectively. We have the framework, the Lisbon Strategy, which has been a road map for the modernisation of the European economy and society. This agenda was set up with the aim to strengthen competitiveness with social cohesion through collaboration in knowledge and innovation. We have collectively achieved good results so far but much more has to be done. Along with institutional reform of the European Union, we will give priority to the preparation of the next three-year cycle of the Lisbon Strategy which is to be launched in 2008. My Lord Chairman and Members of the Committee these are some of the remarks I wanted to make. Thank you for the opportunity to do so. I look forward to starting our discussion that certainly will allow us to debate in more detail these and other areas of the Portuguese European Union programme which aims overall at making a strong Europe for a better world. Thank you.

**Q3 Chairman:** Thank you for that very clear exposition of the broad outlines of the European Presidency and the wide range of issues you will be dealing with during your part of the Trio programme. You have raised the matter of the IGC, so let us begin with that, if we may. As you know, the Constitution Committee of the European Parliament and through its Chairman Jo Leinen when they discussed the mandate in the European Parliament made a specific point about transparency and how important it was that the documents in the IGC should be made available to the public. Does the Portuguese Presidency support this idea?

*HE Mr Santana Carlos:* Thank you, my Lord Chairman. As a general statement I would like to stress that Portugal recognises the need of a more open and transparent Union, closer to its citizens. We have been supporting the initiatives towards those goals. This is precisely the reason why the Portuguese Prime Minister suggested that the representation of the European Parliament in the upcoming Inter-Governmental Conference increase from two to three representatives. Mr Sócrates also proposed that the European Parliament is represented by its President whenever the IGC meets at heads of state and government level. Regarding the IGC papers, those submitted to the 2003-2004 IGC are available to the general public on the internet. As to the upcoming IGC, is it up to the 27 Member States to take a common decision on that. As the Presidency we will be relatively open on that issue provided that there is an understanding agreed by all Member States.

**Chairman:** That decision presumably will be taken at the IGC itself. They will have to decide on what is made public and what they need to keep confidential. I think that is clear. Lord Blackwell has a supplementary question on this one.

**Q4 Lord Blackwell:** Ambassador, in your opening remarks you said that you had a precise mandate for the IGC. The outgoing President, Chancellor Merkel in recommending the mandate said that the substance of the Constitution is preserved in this mandate and Mr Barroso said something like 90%. Does Portugal share that assessment? Are there any areas of the mandate which are still open for discussion?

*HE Mr Santana Carlos:* Thank you for this question, Lord Blackwell. Our line is to strictly follow the agreed mandate. It was very difficult, I think, to reach that agreement at the very early hours on 25 June last, so we shall pursue the agreed mandate. Neither do we intend to reopen issues agreed at the highest level at the June European Council nor to engage in brainstorming about how should it be and it is not in the mandate. As the Presidency, our task is clear: to draft a Reform Treaty and to promote an early agreement on it, hopefully at the October informal European Council meeting.

**Q5 Lord Blackwell:** The first part of my question is whether you agree that it is, in large part, the Constitution; that the Constitution has been retained in this Treaty.

*HE Mr Santana Carlos:* I do not think so. I think that you are going to have a quite simple Treaty instead of the Constitution. It will be one more treaty. That I think is a significant change and that is due to the reason that we have reached a consensus. As you know very well, this is quite a difficult matter. I would also like to remind you that the Constitution was already ratified by 18 countries, Member States, so there were some concerns among them as well. We will stick to the mandate that we have received from the German Presidency. Thank you.

**Q6 Chairman:** I think there is a general feeling that was well expressed by the one of our own British MEPs Richard Corbett in the European Parliament who said that in his view 90% of the Constitutional Treaty was in the new Treaty but that the 10% that was not was significant and that this was what made it a very different document. I think the general feeling around this table was that we accept the fact that a lot of the old Constitution is there but the Constitution is dead and so these proposals are part of a new Reform Treaty. Of course we all recognise that a lot of what is said in the Reform Treaty is familiar to us for those of us have who studied the original Constitution. But, as I say, we accept the fact that the Constitution

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is dead. Long live the Reform Treaty. Perhaps I could just go on to the question of the yellow card. This is of particular interest to national parliaments, obviously. We have been thinking long and hard about this. In Lisbon last week we had long discussion on whether the yellow card which was in the original Constitutional Treaty would remain as an addition to the so-called orange card. Furthermore, Vice-President Wallström and Commission President Barroso have given certain political undertakings to the national parliaments that the Commission will receive and respond to concerns expressed by national parliaments that do not necessarily cover subsidiarity and proportionality and are rather broader. We are concerned about the fact that that is not reflected in the mandate. You have said—and it is equally the position of the Commission—that you are not going to reopen the mandate. National parliaments are very anxious to get some kind of a political undertaking, in a declaration if necessary, that the undertakings given by President Barroso at the 2006 June Council meeting that the Commission would respond to national parliaments on a broader range of issues beyond subsidiarity will not be lost. We want to be sure we still have that set in stone. Can you comment on that.

*HE Mr Santana Carlos:* Thank you, my Lord Chairman. I think this is a two-fold question. First, we will have a two stage procedure to monitor subsidiarity which will allow national parliaments to draw concerns to the attention of the Commission. If a majority share the same concerns about a particular proposal, the Commission can simply withdraw that proposal or if it decides to maintain it, it needs to explain its goals and subsequently to submit to the European Parliament and the Council of Ministers. I understand that this last part of the procedure is new. Secondly there is a new article in the amendments of the EC Treaty enhancing the role of national parliaments. Our line is to strictly follow the agreed mandate. As I mentioned in my introductory remarks, the mandate provides the exclusive basis and the unique framework for the work of the IGC. We take this very seriously. The boundaries for the IGC are clearly defined and we will abide very strictly to the mandate we have received from all Member States without exception. Thank you.

**Chairman:** Thank you. Lord Marlesford has a question.

**Q7 Lord Marlesford:** Perhaps the area of greatest controversy about the future Treaty which you hope to conclude in December, is on the balance between areas in which unanimity or qualified majority voting applies. This of course goes back to the Luxembourg compromise of January 1966 which is still in force and which provides for an overriding national

interest to provide a veto. The *passerelle* clause, which was in the Constitution, is in the mandate and it would allow a unanimous decision of the Council to move a policy area from unanimity to QMV. There is provision in the mandate for a parliamentary red card on the *passerelle* in certain areas connected with justice. Would it be possible for this to be extended to all policy areas by negotiation at the IGC?

*HE Mr Santana Carlos:* If I may, my Lord Chairman, I will turn this question to the First Secretary Mr Saraiva.

**Q8 Chairman:** Yes, please do.

*Mr Saraiva:* Thank you very much, Lord Marlesford, for your question. Very briefly, I just wanted to say that indeed the mandate foresees that the *passerelle* clause on some areas could apply in order for those to be transferred from one pillar to another. As far as I understand, where Member States have some difficulties with these areas, some opt-outs were agreed on. I think it was the case for the UK. But the general understanding was in order to move forward, to speed up the decision on those areas as well.

**Q9 Lord Marlesford:** In other words, the *passerelle* clause as it was in the Constitution will apply in the new Treaty.

*Mr Saraiva:* I believe that the general understanding is the same. I do not know more in details about technicalities to be honest, but the general understanding will remain to work more speedily in those areas as well. But of course, providing that Member States' interests are taken into account, and I think it is the case when we are talking about the type of opt-outs for the United Kingdom. The general understanding is that it is trying to speed up decisions on those areas as well.

**Q10 Chairman:** I think this is something that one hopes might be clarified at the IGC. It is a rather grey area where we are not really sure whether it does apply in the broader terms outlined by Lord Marlesford. It is something which I think we should probably follow up with our own Government to see if they can get clarification of this in the IGC itself. At the moment it seems an open issue. Thank you very much indeed for helping us there, Mr Saraiva. Let us now move along. I now call on Lord Sewel.

**Q11 Lord Sewel:** Thank you very much, my Lord Chairman. Good morning, your Excellency. You very rightly and properly attach great importance to sticking to the mandate. You are helped in that by the fact that the mandate is pretty precisely defined and tightly worded. But even since the agreement on the mandate we have had noises coming out of Poland

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questioning the possibility of reopening the deal on voting rights. Do you think the Poles will persist in that? If they do, what will be the response of the Presidency?

*HE Mr Santana Carlos:* Thank you for your question. I think that will be not an ideal scenario, so I will say that we shall avoid it at all costs, because if one Member State starts coming back to reopen again issues as important as those that were settled in June, then you can have a really big problem and all the negotiations can be affected regarding the Treaty. The intention of the Portuguese Presidency is of course to keep dialogue going, but also, to be very firm. Fortunately, Member States have changed their previous positions in the spirit to reach a compromise. We will keep the dialogue going but we will be very firm in not rolling back to the past situation.

**Q12 Chairman:** Perhaps I may ask a supplementary to that. My understanding is that President Kaczynski's understanding was that countries mustering a near-blocking majority that were unsatisfied with a particular measure could, up to 31 March 2017 under the Ioannina principle, delay a decision for two years. But the mandate does not mention two years. I suppose, if the Poles are going to raise the issue, they are going to seek clarification, are they not, on whether it is two years or a different period of time. On that we do not seem to be clear. We accept what you say, Ambassador, that the IGC does not want to reopen the question at all. We will see what happens.

**Q13 Lord Roper:** In the statement which your Prime Minister made through the Portuguese Assembly on 27 June, there is, in the English text at the bottom of page 3 and the top of page 4, a reference to precisely that point. He said, "In addition to this balance"—that is, the voting balance—"the conditions in which the so called 'Ioannina Compromise' have been improved, thus safeguarding the position of clear minorities in the Council of Minister votes." I wonder if you could tell us what was the improvement on the Ioannina Compromise to which he was referring.

*HE Mr Santana Carlos:* Thank you, my Lord Chairman. I am afraid I am not in a position to reply precisely to that question but we can forward to the Select Committee as soon as possible a written reply.<sup>1</sup>

**Chairman:** On that point, thank you very much Ambassador. May I state in general terms that on any issue where you would prefer to refer back and let us know later, you are absolutely free to do that and we would welcome that. Let us now move on to enlargement.

**Q14 Lord Tomlinson:** Good morning, your Excellency. Could I first of all thank you for the clarity with which the Presidency Programme is written and translated into English. It is very, very clear. On enlargement, it says, "The reform of the Union should facilitate the fulfilment of existing commitments on the enlargement process, commitments that must be respected." I presume President Sarkozy, when he called for "A reflection on the frontiers of the EU" had probably not read your programme quite as carefully as we have. Given that President Sarkozy has said this, what do you think he means? Do you think it will be his intention to try to halt or slow down the negotiations with Turkey and what would be the response of your government were he to so try?

*HE Mr Santana Carlos:* Thank you, my Lord Chairman, regarding the remark Lord Tomlinson has made. On our priorities on enlargement, let me start by saying that we see the recent wave of accessions from the East as being totally consonant with the historic aim of the European ideal, to build peace and stability on the Continent through shared democracy and prosperity. The reform of the Union should firstly take the fulfilment of the existing commitment of the enlargement process. Croatia, Turkey and FYROM, as well as the European perspective of the Western Balkan countries will be taken forward by the Portuguese Presidency. Accession negotiations, all of them, have the final objective: the accession of the candidate countries to the European Union once the criteria agreed upon are totally fulfilled. Duties are on both sides. Although not concerned the frontiers of Europe we believe this is not the right time to engage in this kind of debate mainly for four reasons. First, we have just concluded an in-depth debate on enlargement, reflected in the conclusions of the 2006 European Council. We need time to take in all the useful work done by the Commission with the full contribution of Member States. Secondly, we believe a new debate focusing on the frontiers of Europe will be just a dividing issue at this moment in time. For the time being, we need to concentrate our efforts on what unites us rather than on what might divide us. Thirdly, we are not even close to a breakthrough moment in what enlargement is concerned. The accession of Turkey is not to happen in the very near future, nor are the Western Balkan countries ready yet to make defining steps. Fourthly the priority in the months ahead is the Reform Treaty. This work could be affected if we insisted in opening a new front of discussions on a very complex and dividing issue while we are still strong in concentrating our efforts on concluding the institutional reforms of the European Union. As for Turkey, our commitments are very clear. Negotiations have begun with a view to a final aim: Turkey's accession to the European

<sup>1</sup> Please see p 4.

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Union as soon as the stated criteria have been met in full. Let me just stress that these are obligations on both sides. That being the case, it is the European Union's duty to negotiate in good faith and transparency. The undertakings given by States and for instance by Turkey must be honoured and there must be no changing of rules. The negotiations have to be pursued. Our aim is to maintain the pace of the negotiations with Turkey. The Commission is familiar with the details of the dossier and therefore its role will be important to assess on how far we can go during the current semester. But for Portugal, both in its national capacity and acting as Presidency, our commitment could not be stronger on enlargement.

**Q15 Chairman:** Thank you. The views you have expressed very much reflect the views of the Committee when it published its recent report on enlargement. I have one quick question: the European Parliament has by a large majority voted to urge the Commission to open negotiations with FYROM as soon as possible. I do not know whether the Portuguese Presidency has it in mind to push for the opening of negotiations with FYROM during your Presidency or is that not yet decided?

*HE Mr Santana Carlos:* Our idea is not to open the negotiations with FYROM during and in the course of our Presidency. But we will follow the issue, in dialogue of course with that country. Very recently my Foreign Minister went to Skopje, so we will keep a good contact with the Former Yugoslav Republic of Macedonia, and I am sure that soon the forthcoming Presidency will carry forward those contacts and perhaps negotiations can be opened.

**Chairman:** Thank you very much indeed. That clarifies that. Let us now move on to the Lisbon Strategy.

**Q16 Lord Harrison:** Good morning, Ambassador. There can be no one more appropriate than you on behalf of the Portuguese Presidency to answer questions on the Lisbon Strategy. I was very pleased to hear in your preamble that you emphasised the importance of the internal market, the single market, of ensuring for citizens that it is able to affect their everyday lives. I am also heartened that in relation to the Presidency priorities you talk about the priority the Portuguese will have in pressing further on the internal market in respect of the gas and electricity markets and also financial services. But I wonder if you share with me some disappointment that bringing these to life has been a very long process since the beginning of the Lisbon Strategy. What strategies do you now have to ensure proper transposition and observation of the financial services internal market and separately gas and

electricity? What will you do in a positive fashion to ensure that the slow pace is quickened?

*HE Mr Santana Carlos:* Thank you very much for this question. It gives me the opportunity to mention the Lisbon Agenda which was set up in the year 2000 during the second Portuguese Presidency of the European Union. From the beginning its aim has been to contribute to modernising the European economy as well as the European society. The Lisbon Strategy is a very comprehensive ongoing agenda on three different but complementary dimensions: economic, social and environmental. Our aim is to keep a balanced approach between those three dimensions, bearing in mind the overall strategic objectives of the Lisbon Agenda, including the level of competitiveness based on knowledge and sustainable growth with more and better jobs and enhancing social cohesion. With regard to the first part of your question, I would like to say as a general remark that the Portuguese Presidency will pay particular attention to the improvement of public finances and to the contribution of the modernisation of public administrations for a competitive business environment and wellbeing of citizens. We believe that reinforcing the budgetary framework and the effectiveness of expenditure and revenue is key to guaranteeing its long-term sustainability of economic and social policies. In that regard, particular attention will be paid to the internal market for financial services with the aim to accomplish significant progress in European strategy for these services. We believe that integrated and efficient financial markets are essential to strengthening competitiveness. The Presidency will also work towards an agreement concerning the revision of the European Union solvency regime in the insurance sector. It will also promote the deepening of the financial stability framework and efficiency of the regulatory and supervisory structures. That is the Lamfalussy process. On taxation, the Portuguese Presidency will promote the definition of the European Union strategy to fight against tax fraud, as it is something that jeopardises competition rules at the European and national levels deteriorating the quality of public finances and endangering the achievement of the Lisbon Strategy goals. Regarding the internal markets for gas and electricity, let me recall the ambitious decisions that were taken at the last spring European Council on an integrated approach to energy and climate change. We have to keep the momentum by starting with its implementation. The first range of proposals from the Commission will be in fact on the internal market for energy and are due in September. The Portuguese Presidency will put an enormous amount of effort in this dossier to make it progress during the current semester. We know that there are complex and sensitive issues; namely, unbundling and the

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regulator. As you are probably aware, there is equally in the UK and Portugal unbundling on electricity and gas. As a Presidency we will work towards reaching a consensus, building on discussions we had in the last Council in June but also on the results we are aiming to achieve with a seminar we are organising in Lisbon on “Shaping energy market integration”. The outcome of this seminar could bring some food for thought to this debate. Thank you.

**Chairman:** Thank you very much indeed. Lord Blackwell, with a question on the Budget.

**Q17 Lord Blackwell:** Your Excellency, the European Parliament in its report on the 2008 Budget indicated it believed more funds were needed to support the EU objectives for next year. As you know, a number of countries in the Council have argued the other way, that the EU should live within its budget and reallocate priorities, so there is clearly going to be some negotiation and tension with the European Parliament. What view will the Presidency take on the issue of the role of the Budget?

*HE Mr Santana Carlos:* Thank you for your question. Our objective is to secure an agreement with the European Parliament with a view to approve the 2008 Budget within the framework of the Inter-Institutional agreement on budgetary discipline and sound management, thus allowing us the financing of the European policies and priorities. The Inter-Institutional cooperation remains in this context a main priority. The Council meeting on 13 July has agreed on the draft budget for 2008 on a first reading after a conciliation meeting with the European Parliament and the Commission, the Commission has submitted its preliminary Budget in the spring of 2007. That draft was approved by a clear majority of Member States which constitutes a good basis for pursuing the Inter-Institutional dialogue with the Commission and the European Parliament. Even being only a first reading we understand the draft represents the balance required between the respect of the budgetary discipline and the need of preserving enough flexibility for any amendment that might be needed during the process. The next step is for the draft to be examined by the European Parliament at first reading next autumn. The second reading by the Council is due to take place in November. My Lord Chairman, let me stress as a final remark on this subject that the Portuguese Presidency is strongly committed to reach an agreement with the European Parliament by December.

**Q18 Lord Tomlinson:** Perhaps I could follow up that question, your Excellency, linking back to the question of the Inter-Governmental Conference concerning the mandate that you have following the German Presidency. Is it not the case that on all these budgetary questions the existing arrangements leave

the question of ratification of any change in an own-resources decision to Member States’ national parliaments? Can you be very aware during the Portuguese Presidency that there would be strong resistance in some Member States—and I think of this one in particular—were there to be any changes on the budgetary procedure that might challenge the powers of national parliaments in relation to ratification of own-resources decisions?

*HE Mr Santana Carlos:* Thank you for your remarks. I do understand your position and it is good that I am sure the Portuguese authorities are well aware and will keep dialogue going.

**Chairman:** Thank you. Let us move on now to Lord Roper and a question about the Stability Pact.

**Q19 Lord Roper:** Your Excellency, I was encouraged by your reference to public finance in your remarks on the Lisbon Strategy, but I wonder how consistent this is with President Sarkozy’s defence of his decision to delay the elimination of France’s deficit from 2010 to 2012 and I wonder what position the Portuguese Presidency will take towards that French position.

*HE Mr Santana Carlos:* Thank you very much. I think that the Portuguese Presidency will promote the strict application of the Stability and Growth Pact. Our commitment to the SGP and to the respect of budgetary discipline should not raise doubts. I would like to mention that Portugal has made a big effort in the last year to comply with those provisions. We have been following a quite strict budgetary policy that has affected, in a way, you know, even the quality of living in my country. So, after all that effort, we will stick to that. As for President Sarkozy, at the last European Euro Group meeting he restated a French compromise to engage in structural reforms in line with the Lisbon Strategy and in respect of the Growth and Stability Pact. He pledged for an updated information on the French Growth Stability Programme in September. We have to wait until then.

**Chairman:** According to Jean-Claude Juncker, the French President said that he would still regard 2010 as the target but look for understanding if they went over. There was one thing I did not quite understand and that was, that Prime Minister Juncker said there was a commitment by France to apply all additional tax revenue to reducing the budget deficit. The problem is that President Sarkozy is in the process of reducing taxation, so I am not quite clear where the additional money is coming from. But perhaps we had better leave that one aside. Let us go on now to the impasse between the two institutions at present on the question of the budget for the European Institute of Technology.

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**Q20 Baroness Thomas of Walliswood:** Ambassador, the European Council has requested that the Council and the European Parliament get together to progress the European Institute of Technology but there is a conflict between the two institutions in terms of the budget resources to be devoted to this project. In our own report on the matter, we share the concerns which have been expressed by the European Parliament as to the method of funding this new initiative. How will the Portuguese Presidency try to seek the necessary agreement between the two parties to make progress?

*HE Mr Santana Carlos:* Thank you for your question. The Portuguese Presidency will seek political agreement before the end of 2007 on a draft framework of the European Parliament and of the Council that creates the EIT, thus we intend to give continuity to the work undertaken during the German Presidency. We appreciate that there still are some uncertainties regarding the budget for the EIT. We are expecting additional information from the Commission on the financial envelope, however it should be underlined that the two institutions are already agreed as far as the overall amount of the budget is concerned. €308.7 million. We now have to find an understanding on which budgetary line we are going to get this amount. We are aiming at having EIT on the agenda of the Competitiveness Council on the 27 and 28 September. May I also add that I welcome the recommendations put forward by this House in its report with evidence "Proposal to Establish the EIT". In particular, those suggesting that "EIT's strategy is to focus on technical developments which are commercially viable as well as innovative".

**Q21 Baroness Thomas of Walliswood:** Could I pursue that a little further. There is a concern that although it seems that the scale of introduction of the EIT is being reduced, there is no change to the budgetary ambition, as it were, of the project. The second thing is that that finance is supposed to come from a reserve fund which is already heavily under pressure from other demands and it was because of that that we were so concerned about the funding. The funds are not really in the Budget, they are in the reserve fund, which has other claims upon it. It may be too much detail, and I would be happy to get an answer which reflected that at a later stage. That was the real concern.

*HE Mr Santana Carlos:* I fully understand your remarks. That is a matter that shall be discussed in Brussels with the Commission and we will see what it is possible to do during our Presidency and to find a balance and a good solution that can meet, not your objections, but your difficulties with this issue.

**Chairman:** Thank you very much indeed. We have just over half an hour left, so I will reluctantly be forced to skip one or maybe two questions. I am going to pass over a question which I was going to put to you about the Galileo project, if I may. Perhaps later, when you write to us on any other points, you could mention something about the financial problems related to Galileo. I would like to go on, if I may, to the question of the labour markets.

**Q22 Lord Marlesford:** Ambassador, I expect you would agree that the biggest structural problem which the EU has is to become more competitive in terms of its labour costs; particularly this applies in France and Germany due to the problems of the overheads attached to labour costs. The House of Lords came to the conclusion that it would not be a good idea to seek harmonisation on labour laws. Do you accept that conclusion? Do you agree that each country will have to deal with its own problem in its own way?

*HE Mr Santana Carlos:* Thank you, Lord Marlesford, for your question. The balance between flexibility and security in the labour market is very high on the Portuguese Presidency agenda, therefore we are seeking to promote a comprehensive debate on "flexicurity" which is a word, as you know, that combines those two concepts. We must strive for the right balance between flexibility and security, knowing that there is no one-size-fits-all solution. We must indeed take into consideration each Member State's situation in terms of socio-economic, cultural and institutional background. This is an approach, I am sure, with which this House would agree. While understanding there are differences among Member States, we need to aim for an integrated approach, including labour market policies, flexibility in work organisation, lifelong learning and training, along with stronger social protection. All these measures would contribute to strengthening productivity of the European Union and of its Member States. I appreciate labour productivity in the UK, despite all its overall economic success, remains a concern to this House. My Lord Chairman, we therefore need enhanced coordination between Member States in order to deepen economic cohesion within the Union while ensuring added protection to our citizens. Strengthening the social pillar of the Lisbon Strategy is thus becoming an ever greater priority. We want to give it some impetus during our Presidency. In this context, let me very briefly also remind this House that 2007 marks the tenth anniversary of the European Strategy for Employment. This framework provides a major opportunity to assess progress achieved so far and to launch a debate on the best ways to improve coordination of social and employment policies. The Portuguese Presidency will organise a conference: *Employment in Europe:*

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*Perspectives and Priorities* on 9 October in Lisbon. We will seek a debate oriented towards the future. Europe has to be much more than a mere open market ruled by some few common policies. Europe must be a community of values which could be seen by its citizens as essential in their daily lives. Social responsibility is one of the foundations of the European model. The way we deal with challenges such as social inclusion and the fight against poverty influences the perceptions our citizens have of the European Union and its institutions.

**Chairman:** Thank you very much indeed. I would like to go straight on now to the CAP Health Check and Lord Sewel.

**Q23 Lord Sewel:** Your Excellency, perhaps we could move on to look at the big spender, the Common Agricultural Policy. In the autumn the Commission will announce its proposals for how to deal with the Health Check. They will then come through, I think, with legislative proposals in the spring. What plans does the Presidency have to coordinate a Council response to the Health Check? Do you anticipate your Presidency engaging or starting a wider debate, a more comprehensive debate, on the future direction of the Common Agricultural Policy itself, debate beyond the rather narrow confines of the Health Check? Finally, do you think there will be any progress under your Presidency on the reform of the wine regime?

*HE Mr Santana Carlos:* Thank you for your question. As you mentioned, the implementation of the CAP reform will be assessed in the Commission document to be presented before the end of the Portuguese Presidency. This will be an opportunity to make a thorough assessment of its implementation but also to consider its future after 2013. The debate on the future of CAP has started during previous European Union presidencies. It will be pursued at the informal Agriculture and Fisheries Council to be held in Porto from 16 to 18 September, and, as soon as the Commission paper is presented in November, the Portuguese Presidency will put it into the discussion at the Agriculture and Fisheries Council, possibly still in November. The Portuguese Presidency looks forward to a constructive debate that might contribute to establishing appropriate and positive guidelines for the future of the CAP which clearly means for the period after 2013.

**Q24 Lord Sewel:** Would you like to say anything about wine?

*HE Mr Santana Carlos:* I think that is quite a new matter but, as you know, Portugal is a wine-producing country, so we will look at that carefully of course.

**Chairman:** A very wise answer. Anyway, you will shortly have the benefit of reading a report we are producing here on the wine regime. I am not going to ask you, for the purposes of time, about climate change. Let us just place on the record the fact that we appreciate the Portuguese Presidency's commitment to carry on preparations for the Bali Conference and also your commitment to carry forward the dialogue with important players such as the United States, Brazil, China and India. We appreciate that. We will leave it at that, just on the record. Could I move on then to the area of freedom, security and justice, Lord Bowness.

**Q25 Lord Bowness:** Thank you, my Lord Chairman. Your Excellency, good morning. Could I ask you what priority your Presidency is going to give to criminal justice measures? There are a number of proposals around the Framework Decision on Procedural Rights, the Initiative for a Framework Decision on Suspended Sentences, a Framework Decision for the European Supervision Order. They all take a great deal of time and I wonder what priority you will be giving to this, particularly perhaps in the sense that this Committee will have an interest. Without pre-judging anything, I expect it to be approving a report of an inquiry that has been carried out into the European Supervision Order. Anything you could say about the timetable of that would no doubt be very much appreciated.

*HE Mr Santana Carlos:* Thank you very much for that question, Lord Bowness. The three subjects assume special interest for the Portuguese Presidency constituting any of them a component of safeguards and protection of basic rights. They will be an important priority for Portugal. As you will be aware, the Framework Decision on Procedural Rights is a sensitive piece of legislation which raises difficulties for a number of Member States. We will therefore have to carefully consider whether there is scope to move forward on the proposal and await the outcome of the appropriate consultations. With regard to the Framework Decision on Suspended Sentences and the Framework Decision for a European Supervision Order, we hope to make progress and will be organising a seminar in Lisbon in September, 24 and 25 September, as well discussing both proposals in the appropriate Council working groups.

**Chairman:** Thank you very much indeed. Lord Wright.

**Q26 Lord Wright of Richmond:** Ambassador, good morning. Thank you again for your hospitality last week. I do not know whether you have read a report which this Committee produced on the Prüm Treaty but one of our concerns in commenting on Prüm was that it might delay and interrupt progress on the

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Framework Decision on the protection of personal data, so I am very glad to see that one of your priorities is that particular attention will be paid to the Framework Decision on the protection of personal data processed in the framework of police and judicial cooperation in criminal matters. Can you tell us something about your expected progress on the Framework Decision and whether it is likely to offer better protection than the Council of Europe Convention which of course is already binding on Member States.

*HE Mr Santana Carlos:* Thank you, Lord Wright. This Framework Decision that you mention is important in terms of the European Union efforts to fight crime and terrorism with the strict observance of key conditions in the area of data protection in the view of the implementation of the principle of availability. It is a very important file for the Portuguese Presidency and we would like to make progress on it before the end of the year as it was requested both by the Justice and Home Affairs Council and by the European Council in June. The last Justice and Home Affairs Council agreed that the Framework Decision would be based on the Council of Europe's existing rules which provide for high standards. There is in any case a need for a separate European Union instrument since the data protection provisions presently existing would not be sufficient in view of the implementation of the principle of availability.

**Q27 Lord Wright:** This Committee has also produced a report on Schengen Information System Mark II in which we referred to the Portuguese proposal for what is known as SIS-one4all. Is there anything you can tell us about that, either now or subsequently in writing?

*HE Mr Santana Carlos:* I think, Lord Wright, I could reply saying that there is a new scheme that will facilitate the access to the Schengen Agreement for new Member States of the Union. This is the main objective of the SIS-one4all. Of course, our idea is, during the Presidency, to make that instrument available as soon as possible.

**Q28 Lord Wright of Richmond:** Our concern was that it might actually delay the introduction of the Schengen Information System Mark II but I hope you can give us reassurance on that.

*HE Mr Santana Carlos:* Yes. We are doing our utmost to overcome some delays and we hope SIS One4All will be accessible in the month of August.

*Lord Wright of Richmond:* Thank you very much.

**Chairman:** Thank you very much. Can we now take a look at the European Union's role in the wider world. There are a variety of issues here. Let us start off with Lord Roper and a rather touchy subject.

**Q29 Lord Roper:** Your Excellency, we are very much aware of the priority you are giving to relations with Africa, a subject on which our Committee reported last year. We will not expect you to comment on the choice of the European Union's Special Representative to the African Union although we of course here very much hope our colleague, Baroness Amos, will be chosen. As far as the European Union-Africa Summit is concerned, there is of course one member of the African Union whose attendance would present some problems to the United Kingdom and I wonder whether you feel that a formula will be found to deal with the question of Zimbabwe to make the Summit tolerable to all Member States of the Union?

*HE Mr Santana Carlos:* Thank you very much for that question. We are very well aware about some difficulties that are coming up regarding the convening of the second European Union-Africa Summit. There are, as you might be aware, several conclusions by the European Council which are in favour of that meeting. The European Council in June reaffirmed that the second European Union-Africa Summit, which will take place in Lisbon in December 2007, will provide an important opportunity to enhance the relationship between the European Union and Africa and to build an ambitious and strategic new partnership. All Member States, including Portugal and the UK, are in full agreement on the need for a new phase in the European Union-Africa relationship. The European and African partners have been focused on the substance of the Joint Strategy which includes the major areas of common concern: peace and security, governance and human rights, trade and regional integration and key developing issues. An important step was also the endorsement by the European and African Ministerial Troika of the outline of the Joint Strategy. This is the work that was initiated during the German Presidency and is going forward. The finalisation of the Joint Strategy will continue during the Portuguese Presidency. The objective is the presentation of draft texts of the Joint Strategy and plan of action in the European Union-African Troika Ministerial which will take place on 31 October 2007. Portugal looks forward to contributions from European Union Member States to be presented in the Ad Hoc Group recently set up which will: (i) give guidance to the European Troika in negotiating the Joint Strategy, (ii) ensure overall policy coherence, (iii) identify concrete deliverables and (iv) contribute to the preparations of the EU-Africa Summit in Lisbon. The UK has been very active in the process and has identified as priority areas for concrete deliverables the following: peace and security, health and education, environment and energy and migration. My Lord Chairman, last February a written agreement was reached in

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COREPER as follows: “Member States are committed to working towards a successful European Union-Africa Summit with substantive outcomes to be held in Lisbon during the second semester of 2007. Renewal of the Common Position—that took place on 22 February—on the restrictive measures on Zimbabwe should not be an obstacle to the holding of a successful Summit.” The European Union continues to be concerned with the deteriorating human rights, political and economic situation in Zimbabwe, and for that reason renewed the Common Position. Recently the Council discussed developments in Zimbabwe and adopted conclusions, in which it welcomed the mandate given to President Mbeki by the Southern African Development Community—SADC—to facilitate dialogue between the opposition and the government of Zimbabwe. The Council also stated that it stands ready to support the SADC initiative if called upon to do so. Portugal believes the participation of Zimbabwe in the Summit should not be seen as a concession but as an opportunity for a frank and open debate between Europeans and Africans on questions regarding governance and human rights which affect also other countries in Africa. The Common Position establishes that Member States may grant exemptions regarding the visa ban when travel is justified on the grounds of attending meetings of international bodies or conducting political dialogue which promotes democracy, human rights and the rule of law in Zimbabwe. However, the Presidency believes there is the need to find acceptable solutions which take into account the perspective and sensitivities of all sides both European and African. That is an issue that we are dealing with with the British authorities; you might be assured of that. As the host country, Portugal is of the opinion that no discrimination should be made in the invitations. All African states, and of course European states, should be invited and we are aiming at the highest level of representation. Here I would like to state very clearly that the Portuguese Foreign Minister recently has made it very clear in public before the media that we are not happy with the possibility that Robert Mugabe will attend the Lisbon Summit, so we are not in favour of that possible situation. We would like to see through diplomatic channels what we can do in order to have representations from all African and European countries at the highest possible level with the exception perhaps of Zimbabwe but that is not an easy issue to settle. That is our position.

**Q30 Lord Tomlinson:** Can I just ask you, Your Excellency, to recognise that using words like “diplomatic channels” should not be an excuse for not getting a proper understanding. The language of diplomacy is so often a language which is devised to

confuse understanding of situations and I think if President Mugabe were to discuss in a frank and open debate democracy, human rights and the rule of law—and I quote your previous reply—it would be somewhat akin in the days of the past to inviting King Herod to discuss a strategy for child welfare. I do not expect you necessarily to respond to it but perhaps as you are communicating back to your government you could say that certainly one Member of this Committee will be trying his damndest to persuade his Prime Minister not to attend were President Mugabe to attend. I do not necessarily expect you to comment too much on that!

**HE Mr Santana Carlos:** I thank you, Lord Tomlinson, for your frankness which I appreciate. Of course we know the position in this country and your relationship with Zimbabwe and I understand there are very good reasons for that. I would only add that we shall bear in mind of course the position of the UK. You are our oldest ally and the Portuguese authorities in Lisbon are very well aware of the British position. The Portuguese Prime Minister met last Monday with Prime Minister Gordon Brown and I can assure you that was one of the issues that was discussed. I used the word “diplomatic”, that also provoked some reactions in my own country, not only here. Just to say that of course both—and this is an understatement—political and diplomatic efforts are going on to try, if we can, to settle the situation. I would like to make the point that our perception is that after seven years, because the first European Union-Africa Summit took place in the year 2000 in Cairo so now it is normal that it shall be held in Europe, we didn’t have a second Summit despite the fact that all the Members of the Union have a very good dialogue with the countries in the Continent. The European Union as a whole shall also have that dialogue and you have the Commission that can be very instrumental. We shall stick to our standards, so that is why we are thinking about a Joint Strategy document which will be adopted in Lisbon, defending positions that are essential for both partners. That is why we are pushing for that Summit. I think this is important otherwise today the problem is Zimbabwe and tomorrow it will be some other country, because, as we all know, the leader of Zimbabwe is not the only one bad example in the Continent, there are many others. So if we do not move a little bit forward, that would mean the European Union will be unable in the future to have its dialogue with the Continent which is very important for us at the highest level. So that is the reason why we are going forward with the preparations for that Summit and we are doing the utmost of course to make it a successful meeting.

**Q31 Chairman:** Thank you very much, Ambassador. I think I can probably speak on behalf of the Committee in saying that Portugal has our

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sympathy in trying to reach a good solution to this very difficult problem and we hope for the best. I wanted to just raise the issue of President Sarkozy's rather vaguely defined idea of a Mediterranean Union. Some commentators and politicians have suggested this is in fact a ploy to provide an alternative for Turkey so that they would feel they were in a union if not in the European Union. I do not know what Portugal's position is on this although I know you have a great interest in the area. Can you give us an idea of what your reaction to President Sarkozy's proposal is?

*HE Mr Santana Carlos:* Thank you, my Lord Chairman. First of all, I would expand the ideas of our Presidency regarding the Mediterranean area. I am afraid I have very little to say about President Sarkozy's proposal because we do not know yet its content.

**Q32 Chairman:** I am not sure he does either!

*HE Mr Santana Carlos:* But anyway I would like to say that the Mediterranean has always been a top priority of the European Union and will remain so during this Presidency. We are in favour of any initiative or proposal that envisages the strengthening and deepening of bonds between the countries within the Mediterranean basin. Nevertheless, we believe the best process remains a dialogue of mutual understanding and co-operation between the European Union and its Mediterranean partners. Using the framework of the Barcelona Process and the New Neighbourhood Policy, we aim to re-launch an in-depth policy debate with our European Union partners and developing a fresh approach towards the Mediterranean, in particular on issues of development and migration. Portugal is also engaged in the Political and Security Partnership with Mediterranean countries in order to develop and deepen the dialogue on ESDP and security issues. So we have five meetings at a ministerial level within the framework of the EuroMed that will take place in Portugal in several cities, including a meeting of our Ministers of Defence. Therefore we will pay attention to this relationship between European and Mediterranean countries. As far as coming back to the main point of your question, we have to see with our French friends what is the content of the proposal and if it fits within the ideas that all the Member countries have for enhancing the dialogue with the southern basin of the Mediterranean.

**Chairman:** Thank you very much indeed. Let us now combine two issues regarding trade. Lord Marlesford?

**Q33 Lord Marlesford:** Ambassador, in view of the failures of the repeated attempts to get agreement on the Doha Trade Round, should we now regard the Doha Round as dead? Where does Europe go from

here and are bilaterals, particularly with the United States, basically a substitute for multilaterals?

*HE Mr Santana Carlos:* This is a combined question and I will try first to reply on Doha. We hope that during our Presidency as representing the Union we can take some initiatives regarding the successful conclusion of the DDA negotiation. Despite the fact it is for us a first priority of course in the context of the trade policy there are some difficulties, such as sustaining a multilateral approach to international trade, and I would like to stress that the process is now in the hands of the 150 members of the WTO. We carefully follow the progress of the negotiations in Geneva and like until now during our Presidency we will want the European Union to intervene as much as possible in the process. The Commission shares this mood and we count on her to keep Member States fully and firmly informed and to consult them in a transparent manner whenever it is necessary. The negotiations in Geneva deserve special attention. This is a process that we will move forward but for the time being I think this is very much dependent on the position of some key countries—and I would mention Brazil, India, of course China and also Russia. We imagine two possible scenarios that we can face in our Presidency. The first is that the Director General, Pascal Lamy, may realise there is a consensual basis, however small it might be but enough, for pushing the negotiating process. So the proposal for a global agreement could be presented after the summer break. That is a good scenario. The second one will recognise that the divergences are too important and may prevent negotiations from progressing, and so the impossibility of moving forward will be evident and they might be postponed for two or three years. We will, then, probably have to accept that negotiations could only be revived then in 2009 after the American elections. If the negotiation process collapses, over-dramatising the situation will have to be avoided and we will do the utmost to prevent a blame game. Finally, let me just say the parallel path the European Union is making with reinforcing bilateral trade negotiations with the most important regional partners should not be seen as the abolition of a multilateral approach. The bilateral approach can work as a building block process for the multilateral one. So that is the situation and let us see what is going to happen. Regarding the second question, on transatlantic relations, Portugal will actively take forward the framework for advancing Transatlantic Economic Integration between the European Union and the US agreed in the Summit which took place last April. We would like the Member States to get involved and join the discussions through the Council's Transatlantic Working Group. So we expect that at least at a more technical level the process will evolve well. The Portuguese Presidency

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will carry on with initiatives to enhance economic integration and strengthen the transatlantic relations within the context of the presidency Trio. We firmly believe that the Transatlantic Economic Council will be the strategic core from where we can manage economic co-operation with the United States, so we intend to make full use of this framework. Thank you.

**Chairman:** Thank you very much indeed, Ambassador, for answering our questions fully and clearly, with one or two matters still to be clarified which maybe in the course of time you could write to

us about. I do thank you and I thank Mr Saraiva for being with us today. This has been very helpful. We will be sending you the transcript which we shall publish as part of a short report, and we thank you very much indeed for giving us a full insight into how you are going to handle the Presidency and in particular how you are going to handle the IGC. We wish you well, we shall be following the Presidency with great interest and we look forward at the end of the Presidency to being able to say, "Well done, Portugal, you got us through that difficult period with great skill and . . .", may I dare utter the word, ". . . great diplomacy." Thank you very much.

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