



HOUSE OF LORDS

European Union Committee

10th Report of Session 2006–07

**Evidence from the
Ambassador of the
Federal Republic of
Germany on the
German
Presidency**

Report with Evidence

Ordered to be printed 27 February 2007 and published 6 March 2007

Published by the Authority of the House of Lords

London : The Stationery Office Limited
£price

HL Paper 56

The European Union Committee

The European Union Committee is appointed by the House of Lords “to consider European Union documents and other matters relating to the European Union”. The Committee has seven Sub-Committees which are:

Economic and Financial Affairs, and International Trade (Sub-Committee A)
Internal Market (Sub-Committee B)
Foreign Affairs, Defence and Development Policy (Sub-Committee C)
Environment and Agriculture (Sub-Committee D)
Law and Institutions (Sub-Committee E)
Home Affairs (Sub-Committee F)
Social and Consumer Affairs (Sub-Committee G)

Our Membership

The Members of the European Union Committee are:

Lord Blackwell	Lord MacLennan of Rogart
Lord Bowness	Lord Marlesford
Lord Brown of Eaton-under-Heywood	Lord Powell of Bayswater
Baroness Cohen of Pimlico	Lord Roper
Lord Freeman	Lord Sewel
Lord Geddes	Baroness Symons of Vernham Dean
Lord Grenfell (Chairman)	Baroness Thomas of Walliswood
Lord Harrison	Lord Tomlinson
Lord Kerr of Kinlochard	Lord Wright of Richmond

Information about the Committee

The reports and evidence of the Committee are published by and available from The Stationery Office. For information freely available on the web, our homepage is:

http://www.parliament.uk/parliamentary_committees/lords_eu_select_committee.cfm

There you will find many of our publications, along with press notices, details of membership and forthcoming meetings, and other information about the ongoing work of the Committee and its Sub-Committees, each of which has its own homepage.

Members' interests are available at the Register of Interests:

http://www.parliament.uk/about_lords/register_of_lords_interests.cfm

Contacts for the European Union Committee

Contact details for individual Sub-Committees are given on the website.

General correspondence should be addressed to the Clerk of the European Union Committee, Committee Office, House of Lords, London, SW1A 0PW

The telephone number for general enquiries is 020 7219 5791. The Committee's email address is euclords@parliament.uk

Evidence from the Ambassador of the Federal Republic of Germany on the German 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 Wolfgang Ischinger, Ambassador of the Federal Republic of Germany.
3. The key topics in the evidence are:
 - The CAP health check (Q 21)
 - Climate change (Q 17)
 - The Constitutional Treaty (QQ 3–6)
 - The context of the German presidency of the European Union (Q 1)
 - The Doha Development Round (Q 14)
 - Energy security (Q 18)
 - Enlargement of the EU (QQ 7–10)
 - The European Neighbourhood Policy (Q 20)
 - The Prüm Convention (Q 19)
 - The Quartet on the Middle East (QQ 15–16)
 - The structure of the European presidencies (Q 2)
 - The transatlantic economic relationship (QQ 12–13).
4. A supplementary memorandum appears in Appendix 1 covering the following points:
 - The Berlin Declaration
 - The Commission's 2007 Annual Work Programme
 - Germany's Parliamentary Scrutiny of the EU
 - The Prüm Convention.

APPENDIX 1: SUPPLEMENTARY MEMORANDUM FROM GERMAN AMBASSADOR

Berlin Declaration

Allow me to say a few words about the “Berlin declaration” in general before answering your question:

The 50th anniversary of the Treaty of Rome should be the highlight of our Presidency.

25th March is a good opportunity to look back on the amazing success story of the EU. At the same time Europe must look forward. We are doing our best to make the anniversary a turnaround in the public perception of the EU. We hope Europeans will be more optimistic and look more towards the future.

The heads of states and governments of the EU, together with the Presidents of the European Commission and of the European Parliament, will meet in Berlin on 25th March. They will adopt a joint declaration, the so-called “Berlin declaration”. To me, Berlin, which for so long symbolised the division of Europe, seems the perfect location to adopt such a declaration.

The declaration should deliver the message of the anniversary: recall the success story of European Integration, reaffirm our shared values, and give orientation towards the future.

How will the Berlin Declaration be prepared? How will transparency and accountability to national parliaments be ensured in that process?

The Presidency has initiated a process of consultations with the Member States mainly consisting of bilateral talks with the so-called “sherpas” or “focal points”—high-ranking officials designated by the leaders to prepare a draft Declaration. The Declaration will then be considered by the EU leaders themselves.

To be published on 25 March, and given the need to translate it into all EU languages and print it, the declaration has to be finalised by mid-March.

Most Member States have rather precise rules on the participation of their national parliaments in European decision-making. In Germany—following the ratification of the constitutional treaty by the German Bundestag—federal government and the Bundestag have agreed on a new set of rules ensuring that the EU Committee will be regularly informed of the state of play and that the views of the Bundestag are taken into account.

What political status, or legal force if any, is the Declaration intended to have?

The Declaration will be a political declaration, given by the leaders of the European Union.

It will not have legally binding force.

How far will the Declaration provide an opportunity to take forward the Presidency’s stated commitment to diversity defined by tolerance?

In her speech given in Strasburg before the European Parliament, Chancellor Merkel has made some remarks concerning the principles of diversity and tolerance. In our view those are key principles behind the success of the European Union. Considering that the Declaration will be about Europe’s values, there will certainly be an opportunity to embrace those principles in the Declaration.

Better regulation, better legislation

The Committee has noted with approval the sections of the Commission's 2007 Annual Work Programme that deal with better regulation and better legislation. How will the Presidency align its priorities with those of the Commission? What concrete results does the Presidency hope to see in this area during its term?

Germany's EU Presidency supports the Commission's "Better Regulation and Legislation" initiative. Chancellor Merkel is personally committed to dismantling bureaucracy. As the report presented by the Commission in November shows, there has already been some achievement, e.g. with respect to the withdrawal of some draft legislation, impact assessment for each Commission initiative, etc.

Now the priority is simplification of existing EU law. In the Work Programme you mention, the Commission has submitted further proposals which need to be implemented quickly. As holders of the Presidency, we will support this in the Council of Ministers and also discuss possible coordination of working processes with the EP.

Further, we would like the Council to agree a concrete target for the reduction of bureaucratic burdens and immediate measures to achieve this. This is a key element of the Action Plan for reducing bureaucracy submitted by the Commission on 24 January. Using the standard costs model developed in the UK, the Commission intends to begin assessment of bureaucracy costs in the key areas of EU law identified by the end of June. We support this aim.

A further aim is the development of the impact assessment tool. The evaluation report on the Commission's impact assessments to be published in the spring can provide a basis for this. The Council can also draw on experience in individual member states for ideas.

These are examples of how Germany's EU Presidency intends to encourage better regulation in the Council and beyond. The UK is very advanced in this area. We Germans are trying to catch up. But Britain has also certainly experienced, during its Presidencies, what anxieties and resistance have to be overcome. So we need to remain realistic.

In the context of better regulation, Chancellor Merkel has initiated a debate about the discontinuity principle. Any EU bills which have not yet passed their third reading would be discarded at the end of the European Parliament's legislative period. This is a difficult subject. But it is good democratic practice in most member states including Germany and the UK. So why should it not be introduced in Europe? When a new Commission and Parliament are formed, a fresh political start could be made. Such a democratic cut-off point could lend the elections to the EP even greater importance.

Parliamentary scrutiny of the EU

The Committee has noted with interest the recent agreement by the German government to enhance the role of Germany's Parliament in EU scrutiny. What are the key strengths of the new system and what within your government was the driver for change?

In Germany, the Federal Government and the Bundestag agreed in September 2006 on a new set of rules that ensures that the Bundestag's EU Committee will be regularly informed on the state of play of European legislation and that the views of the Bundestag are taken into account. The agreement was planned in the context of the debate on the Constitutional Treaty.

Thus, the Bundestag will be informed roughly in the same way as the Bundesrat and the Länder have already been for many years. The Bundestag now regularly receives reports from Germany's Permanent Representation to the EU in Brussels on meetings at various levels, e.g. working groups, COREPER, and Council.

This continuous flow of information enables Parliament to give its opinion on European legislation from the earliest stages. As a result, the principle of subsidiarity should be strengthened. There is increased transparency in the legislative process. Early information of the national Parliament should also lead to better regulation.

The Prüm convention

Negotiations have been proceeding in the Council for two years on the exchange of information for law enforcement, and the data protection issues involved. The Prüm Convention has different provisions on these issues. Why is the Presidency seeking to incorporate the Convention into EU law and will this have the effect of bypassing Council negotiations?

The Presidency seeks to incorporate the Convention in order to have all member states benefit from the exchange of information held by police authorities. The special value of the treaty lies in the substantially improved and efficiently organised procedures for the exchange of information held by police authorities. The contracting states have agreed to link their existing national databases, rather than set up a complex central data system. This is crucial to fight terrorism effectively. Incorporating the Prüm Convention will not bypass Council negotiations but rather make sure that all member states are being included instead of a group of like minded states leaving the rest of the Union behind.

Let me explain how the Prüm Treaty works: the contracting parties give one another access to their DNA analysis, fingerprint databases and motor vehicle registries in what is called a hit/no hit system. Police services may launch a query in the data system of a contracting partner to find out whether it contains data concerning a specific DNA or fingerprint profile and are automatically informed about the results within a matter of minutes. To ensure a high data protection level the communication of further information such as personal data does not fall within the scope of the treaty. However, if a match is found, this information may be obtained by means of a request of mutual legal assistance.

Let me give you an example: under the treaty, Austria and Germany have been able to check the contents of their national DNA databases against each other since early December 2006. This is the first time that two countries have granted each other access to their national databases using a hit/no hit method. In just six weeks, when German untraceables were checked against the Austrian database, 1500 matches were found, and when Austrian untraceables were checked against the German database, 1400 matches were found. On the basis of these results where an untraceable could be matched with a person in the database, police investigators are now able to match hits with unsolved crimes. These figures are proof that the idea behind the Prüm Treaty to create a network of existing national databases is a simple, yet very effective means to fight cross-border crimes and international terrorism.

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)

Minutes of Evidence

TAKEN BEFORE THE SELECT COMMITTEE ON THE EUROPEAN UNION

TUESDAY 30 JANUARY 2007

Present	Bowness, L	Marlesford, L
	Cohen of Pimlico, B	Powell of Bayswater, L
	Freeman, L	Sewel, L
	Geddes, L	Symons of Vernham Dean, B
	Grenfell, L (Chairman)	Thomas of Walliswood, B
	Harrison, L	Wright of Richmond, L
	Maclennan of Rogart, L	

Examination of Witnesses

Witnesses: HE MR WOLFGANG FRIEDRICH ISCHINGER, Ambassador of the Federal Republic of Germany, and MR MICHAEL SIEBERT, Political Affairs Counsellor, examined.

Q1 Chairman: Ambassador, first, may I begin by saying how very welcome you are here. It is a great pleasure that you are able to come and also your Political Affairs Counsellor Mr Siebert. We are grateful to you for giving us the time. We know how very busy you are at the moment. I should let you know that this session is being broadcast on the website. You will receive a transcript very shortly after the meeting so that you can see that what you have said has been correctly recorded. Please feel free to make the necessary amendments. If I may, I would like to begin the proceedings by inviting you to make an opening statement.

Mr Ischinger: Thank you very much my Lord Chairman and members of the Committee. Let me begin by saying how happy I am to be here. I am delighted to have this opportunity to meet with you and the members of the Committee. We in Berlin were extremely appreciative of your decision last autumn to travel to Berlin and meet with your German counterparts. Perhaps I may make one or two very brief remarks. It is obvious that Germany assumes the Presidency of the EU at a difficult moment. There is no doubt about it, we have been in some sort of crisis in the European Union. As a matter of fact, it is almost a paradoxical situation because, as conditions in the European Union for our Presidency are not exactly the brightest possible ones, conditions in Germany for taking the challenge of the Presidency are rather good. In our country, as members of this Committee will be aware, we had our elections a year and a half ago. We seem to have relative stability within our government. There is an increased sense of self confidence and optimism in Germany across the board. We understand that there are very high expectations from all over the European Union regarding this Presidency. We are interested in meeting the challenge and we do believe

we are in a relatively good position to tackle these challenges at the beginning of 2007. The second point I want to make, my Lord Chairman, is that, as we tackle these challenges, it is very important for me to make it very clear that the United Kingdom is for us an indispensable key partner. In most areas—maybe not in all areas but in most areas—we agree a lot more than we disagree. I am sure we will be touching upon some of these areas, including climate and energy and a number of other foreign policy areas. May I conclude on the foreign policy point because, given my own professional background, that is the area I believe I know most about. I have grown to be convinced over the last decades that without the active, proactive leadership and involvement of the United Kingdom, for example, in the development of a European foreign policy we would not have been able to make the progress that has been made—still incomplete, but extremely important—and we are looking forward to working with our British colleagues at all levels as we deal with these issues in the remaining five months. My Lord Chairman, members of the Committee, these are the points I wanted to make. Thank you for offering me the opportunity to do so. I look forward to our discussion.

Q2 Chairman: Thank you very much indeed. That is a very well taken comment that you have made. We are interested to know how this “trio” system of consultation on the rolling programme of Presidencies is working out. Do you have any indication that this is now firmly in place and that at the end of your Presidency France will enter the trio?
Mr Ischinger: Thank you, my Lord Chairman, for this question. I think I should start my response by pointing out that, certainly in our view, the rotating Presidency, in and of itself, is an outdated mechanism

30 January 2007

HE Mr Wolfgang Friedrich Ischinger and Mr Michael Siebert

that is not really adequate any more and has not been for quite some time for the management of a Community of 20 plus and probably soon 30 members. Having said that, we have all observed with the rolling Presidency that if each Presidency handles only their own business we do have a certain lack of continuity quite often. In order to counter that, a decision was made to enter into this experience and that is why we have been working quite actively for a while with our successors, Portugal and Slovenia. We have had altogether eight preliminary meetings at working level and more senior levels. We have had a top level meeting at prime minister level 10 days ago. We do expect to continue this. Let me give you one example that shows how concrete it is. There is a rather ambitious plan, developed by the Portuguese, to prepare a European-African summit meeting, but the Portuguese have told us that if they start work at the beginning of their Presidency on a European-African summit they would never have enough time to have the summit during their Presidency, which is why we have agreed to help prepare the ground for such a summit during our Presidency, working hand in hand with our Portuguese partners. That is just one example. As far as I understand it, this is not a “rolling constellation”; in other words, France will not join the present trio right at the end of the German Presidency. Up until July 2008, the summer of next year, the trio members will be the same: Germany, Portugal and Slovenia. We will stay together for our period and then the next trio would follow, comprised of France, the Czech Republic and Sweden. That is the idea—admittedly, also, probably not a perfect one but hopefully a useful one. If I may add a footnote, we should not confuse the trio idea with the EU troika of foreign affairs, which continues to work independently of this. It is very important to make that distinction.

Q3 Chairman: Thank you for that clarification. Could we come now onto the question of the Constitution, which is a very important element of the Presidency. The common wisdom is that you are aiming to be able to present some kind of a timetable by the end of the Presidency and, as we are all aware, your Chancellor has proposed and is already engaged on consultations with the Member States—which will be of a somewhat confidential nature, I understand, which seems to be appropriate at this stage. Could you enlighten us a bit, Ambassador, on what the expectations are as to how that will proceed?
Mr Ischinger: Thank you, my Lord Chairman. Maybe I should start with a word about procedural aspects. The objective, in terms of procedure, is a decision to be adopted by the European Council at the end of June, at the end of the German Presidency—hopefully a decision which would confirm the European Union’s resolve to continue

the reform process of the EU. We, the Presidency, will present a report about the consultations—about which I will say a word in just a second—which have started just a few days ago. It is then up to the European Council in June to agree with proposals, which we hope to be able to present at that time, about procedural aspects, time frame aspects and the substantive process. On the time frame, I will be very frank with you: as far as the German Presidency is concerned, we have a relatively ambitious objective. We believe it would be extremely useful to have a solution to our crisis, to have a proposal that can be adopted and ratified by member countries before the next election to the European Parliament in 2009. If one adopts that as a guiding principle, this would mean that we would need, in terms of timetable, to agree a text, if possible, by the end of this year and certainly no later than a year from now because, under normal circumstances, experience shows that ratification processes under whichever government’s rules will take, give or take a little, at least a year. If we want to get something done before the European Parliament elections in 2009, this is a rather tight and ambitious timetable. May I add a few words on the substance. As the Presidency, we do understand very well that we have to be serious about playing the role of an honest broker—and we will, and that is what we are doing. We have these individual meetings with envoys, representatives of each and every single prime minister or head of government or head of state, and we have already started the bilateral process with the UK just a few days ago. As far as Germany is concerned, as a member, of course, it is probably needless to say before this Committee that in our view it would be desirable to maintain the maximum possible portion of the substance of the treaty which failed in France and in the Netherlands. But I do understand that that is not everyone’s view and we will, again, be honest brokers and listen to what all the members are going to be telling us about what they believe should be a line of compromise or agreement.

Chairman: Thank you very much indeed.

Q4 Lord MacLennan of Rogart: As a member of the Convention on the Future of Europe, I am conscious that the text of the draft constitutional treaty was in part the result of trade-offs, some of which would be quite difficult to reopen, but the document as a whole does contain a great part which is consolidation of existing Union law and other parts which are capable of being implemented without treaty amendment. Would you be willing to expand on your view that there should be any text, when there are such different parts of the constitutional treaty being considered? Could we not give this process a momentum by reaching agreement on some of those matters which are less controversial and re-engage the disaffected

30 January 2007

HE Mr Wolfgang Friedrich Ischinger and Mr Michael Siebert

public which thinks we are incapable of reform. Is any of that within the thinking of the Presidency?

Mr Ischinger: It seems to be that one of the most complex, complicated issues here is really to avoid a degree of cherry picking. Because of the fact which has just been mentioned that this text was arrived at through quite a bit of trade-off and it was complicated, as we all know, to achieve this text, I hope it will be understood if I do not really wish to go into speculation at this point about the precise form or shape that we might wish to propose at the end of this consultation period with regard to the best possible label and form of the product or products which may come out at the end. I think it is too early at this moment for me or for anyone in the German Government to speculate. We have not at this moment completed a first round of listening to all the members in a confidential but open exchange. May I add a word, because there has been criticism in Germany and elsewhere about this procedure? It is very much our view that, given the circumstances, the initial phase here can only be one where a confidential exchange of views between prime ministers and their representatives takes place. If we start with an open-market discussion, we are afraid we will not get very far.

Q5 Chairman: Before we move on to enlargement, could I put one more question on the Constitution, particularly the process. We have taken note of the meeting that has taken place in Madrid of the 18 countries that have ratified the Constitution either by referendum or by parliamentary vote. I have a feeling that not all countries are terribly happy with this process on the grounds that there is always the danger you are setting up two camps. I think it is your foreign minister, Mr Steinmeier, who has emphasised the need for flexibility in the discussions if in fact you are eventually going to reach a compromise—and it is inevitably going to be a compromise. I understand the Spanish and the Luxembourg governments agreed to cancel their plans for a further meeting of the Madrid type. Do you see a danger that there might be two camps developing, which will simply make it even more difficult to agree even on a timetable, let alone the substance of the problem?

Mr Ischinger: My Lord Chairman, the worst thing that could develop here in our view is in fact the development of two of those camps who would not really speak to one another but would broadcast to one another. As the honest broker, as which we are trying to define ourselves, we did not expect such a meeting—which was not invented by us, as you know—to produce very helpful results. You may have noticed that we were represented by what we thought was a level which would send exactly the right signal; namely, by a locally present diplomat as

an observer. I hope I do not need to comment any further.

Chairman: I think that in itself is an eloquent enough message.

Q6 Lord Marlesford: Could I suggest to you that in order to get ratification of any future agreement is as much as anything else, a presentational problem—by which I mean presentation to the peoples of Europe—in view of the experience of dealing with the Constitution so far. Because the Constitution as a whole, in spite of the ratification by countries which did not require no referendum, is now widely seen as a confirmation of the permanence of a Europe structure of which people are suspicious. On the other hand, reform of the EU is something to which people might be more open. Although you may not like the phrase “cherry picking”, to put forward specific proposals for reform might have a better chance of getting ultimate acceptance than to rehash or redress the Constitution.

Mr Ischinger: My Lord Chairman, Lord Marlesford is making a point with which, speaking personally, I agree, at least in one way, very much. I do believe that if we want to make real progress in a way that is acceptable to all member countries of the European Union, finding the right packaging, finding the right label is important. I do not want to sound superficial: it is not only about packaging and labels, it is also about substance, but packaging and labelling and presentation in our public enterprise here is very important and I do agree that this can and probably will make a huge difference. I can only say at this point that we are giving quite a bit of thought to questions related to the question: “Whatever result in terms of substance we can agree upon, how can it best then be presented?” in order not only to be ratified everywhere but also in order for it to be helpful in creating the new impulse of a new and forward-looking, more optimistic and less crisis-ridden European Union.

Q7 Lord Harrison: Ambassador, do you regard as unfair the *European Voice* characterisation of Chancellor Merkel’s position as “No treaty, no enlargement”? What will the Presidency do to manage that difficult interrelationship between the necessary institutional change required, in part by the Nice Treaty, and increasing enlargement?

Mr Ischinger: My Lord Chairman, Lord Harrison’s question is of course one that I was really expecting. Let me start by saying that we have been up until the present, certainly, not very different from the United Kingdom in favour of enlargement. The German Government, even though there was some doubt about the wisdom of it, did confirm its commitment to the opening negotiations with Turkey which were started in October 2005. Just to make sure I am not

30 January 2007

HE Mr Wolfgang Friedrich Ischinger and Mr Michael Siebert

misunderstood here, we regard the enlargement story as one of the brightest chapters of what the EU has achieved so far. Having said that, it is my view, speaking personally—and I think it is a view shared by many—that whether we like it or not the situation in some member countries is today very different from the situation here in London. There are member countries that have said rather flatly that they see no possibility for ratification of yet another enlargement round. In other words, conditions for enlargement in the future are not good. That is my second point of departure. That is one of the reasons why Chancellor Merkel has made the point. She has made a political point and not a legal point. She has made a political point meaning that, if we want to successfully continue the enlargement process, we must make sure that we have better roots, that we must reform our system. That applies to such issues as the size of the Commission; as everybody knows, it applies to decision-making; it applies to the need to have better foreign policy representation and many other areas. That is why we are convinced that, as we move along in the enlargement process, changes are required. By the way, just to finish on that, one institutional change is actually required automatically if we have one more new member. If I recall correctly, according to the Treaty of Nice we would have to change the number of commissioners after the 27th member, so enlargement does require institutional change. We believe we should be rather ambitious about the institutional changes in order to make this body capable of running smoothly and that is where we see the link between enlargement and the constitutional process. But it should not be treated as a legalistic linkage.

Q8 Lord Harrison: You are saying that *European Voice*, broadly speaking, have got it right.

Mr Ischinger: Yes.

Q9 Lord Harrison: In the light of that, how do you expect to advance? Secondly do you have sympathy for some of those other countries—and I can think of a very small country Moldova, which recently has had a very strong connection with Romania, Romania comes into the European Union and some of those links are fractured. They are, in a sense, an innocent party. Those who are waiting to come into the European Union are shunned, to some degree, by having this approach of: “You will have to wait because we require the institutional changes.”

Mr Ischinger: At the moment we have on our list of candidate countries Turkey, Croatia and Macedonia. My Government believes that the countries of the Balkans should be part of the continuing enlargement process. We have always said, and I would like to confirm it, that that should apply in principle to Serbia, if they can meet our standards, as

well as to any other country of the region that is not yet a member—and I would not want to single out any of these countries—but, once again, let me say that, whether one likes it or not, the ability of the European Union to successfully conclude a next enlargement round is in our view limited. There are a number of countries—and I do not want to name names here, I am sure they are all known to the members of this Committee—where the political forces are such that we need to change the circumstances and the conditions of the enlargement in order to have any chance of opening a debate on such a next enlargement round. This is, in my view, a realistic assessment of what unfortunately no longer is a totally positive welcoming reaction in quite a number of countries of the past, the most recent enlargement decisions, and of the ongoing process.

Q10 Chairman: Ambassador, before we leave enlargement, I have two very quick questions. One relates to Turkey. Would the Presidency be in favour of a move by the Commission to open maybe one chapter fairly quickly, possibly Enterprise and Industry, with the prospect of more to come? Secondly, could I just ask you to comment briefly on what you feel the prospects are for Kosovo now. We understand that Martti Ahtisaari will be making his formal declaration on Friday now that the elections in Serbia are over, although there is still no government formed. What do you feel the prospects are now?

Mr Ischinger: Thank you, my Lord Chairman. On Turkey, we do expect that during our Presidency, during the next five months, there will be hopefully opportunities to open new chapters. There is in the work schedule a so-called accession conference at senior level, at the foreign minister level. I am not in a position now to tell you exactly which week or which month, following recommendations by the Commission, the opening of chapters might take place, but we certainly expect the possibility of one or more and maybe up to there or four chapters to be opened during our Presidency. There is nothing that I could see that precludes that if the conditions are met. We will know, if not earlier, by the so-called accession conference, probably in June. On Kosovo, this is an important week for Kosovo because it is the week when, after a long preparatory stage, former President Ahtisaari of Finland, as members are aware, will work to present his proposal to the parties and at some later stage to the Security Council, et cetera. We have, like the United Kingdom, worked very closely with Ahtisaari and his team and we expect to be fully supportive of his efforts. We expect the European Union to continue to fully endorse his efforts. I am a bit sceptical, speaking personally, about how quickly results may be forthcoming. We do know about the obvious reluctance in Belgrade to

30 January 2007

HE Mr Wolfgang Friedrich Ischinger and Mr Michael Siebert

deal with the Ahtisaari proposal; we are all aware of question marks, to put it diplomatically, about this in Moscow. So there are a number of open questions which would lead us to believe that we should not be surprised if this process will take maybe months and not days to be completed.

Q11 Chairman: Thank you very much indeed. I am going to skip the Berlin Declaration issue. The Sherpas are working hard at it, so I am not sure that we need to this afternoon. I would like to come on to the question of the transatlantic economic partnership and ask Lord Powell if he would address this.

Q12 Lord Powell of Bayswater: Ambassador, you will not be surprised to find me asking this particular question. We welcome very much Chancellor Merkel's suggestion to reduce barriers to trade across the Atlantic and move towards a common transatlantic market. What have been the initial reactions of the United States? Historically there has not been great enthusiasm for this sort of proposal. With a Democrati-controlled Congress, one might expect even less enthusiasm. I wonder what your particular experience of Washington tells you about that. Secondly, I wonder what practical progress the German Presidency hope to make over the next six months. Will this just be a proposal launched at the US/EU summit? Or will you have some more detailed proposals to bring forward for work on both sides?

Mr Ischinger: My Lord Chairman, I am grateful for Lord Powell's question because this is in fact an issue that is very close to Chancellor Merkel's heart. She has raised it herself recently when she was in Washington and I can report that the reaction by President Bush and his relevant advisors has been and continues to be positive. Let me just make one thing clear, because there have been, in Germany and elsewhere, some misunderstandings about the objective here. Our idea is not to replace the Doha negotiations or make the Doha negotiations less important. Our idea is about something that would be attempted on top of or in addition to the trade task. The objective here is to look at opportunities for harmonisation in such areas as regulations; for example, auditing rules for companies, accounting rules for companies listed on European and US stock markets, rules which are today, as is well known, very different, requiring enormous additional cost, protection of intellectual property rights, et cetera. These are the areas we have identified. We have had a visit to Berlin by Hank Paulson, the Secretary of the Treasury, whose reaction also encourages us to continue to drive this issue forward. What can we expect concretely, was the other portion of the question. I think the best we can hope to achieve is to set in motion a meaningful process. It would be

expecting too much if we thought that during our Presidency we could nail something down in terms of concrete arrangement or understanding between Washington and the European Union. After many words have been spoken about these questions and after the problem has been so often and so well identified and raised at earlier summits also, it is our ambition to set in motion hopefully something that will be seen as a meaningful process, hopefully also with some kind of timetable, and we do hope that there will not be any opposition to it on Capitol Hill. That is something that we still need to hear about as we move into the next phase.

Q13 Lord Powell of Bayswater: Thank you for those very precise answers. Can you just add a couple of words about what you think Chancellor Merkel's final vision is, not for the German Presidency but when she talks about a common transatlantic market. Where do you think she hopes to arrive?

Mr Ischinger: I think the philosophy behind it is eminently political; it is not just technical with a view to make it possible for companies to spend less money on their accounting bills. That is also relevant but I think it is an eminently political idea; namely, to make sure that it is understood, in a period where the transatlantic relationship has been slightly challenged or even more than just slightly challenged, to demonstrate to our voters on both sides of the Atlantic that we in the European Union are not only trying to enhance our relationship with Russia, as we try to negotiate a new partnership and cooperation agreement, and with a number of other partners near and far but that we mean what we say when we say that the transatlantic relationship is for the European Union and remains for the foreseeable future the central partnership strategically, economically and politically as well. I think that is the underlying philosophy.

Q14 Chairman: Ambassador, you mentioned Doha and I have one question on that. Some quite encouraging noises came out of Davos, suggesting that the major countries involved had found a new negotiating strategy and that there was some hope that they might now be able to make some progress. But, as all of them understand, a Democrat Congress in the United States is not going to look very kindly on too many new concessions being made. We know where the Democrats are coming from on trade. With your great experience of Washington, would you say the chances of President Bush being able to persuade them to renew of the fast-track procedure for him to be able to go ahead with Doha is a possibility?

Mr Ischinger: My Lord Chairman, I do understand, having spent the last five years in Washington, that there are forces at play here that may not please those of us too much who are in favour of free trade or

30 January 2007

HE Mr Wolfgang Friedrich Ischinger and Mr Michael Siebert

rather quick Doha success. Having said that, we are very hopeful, I am very hopeful, that the President would obtain continued fast-track authority, and that the Congress with its current majority would understand that the Doha round does contain very important elements which, as far as I understand it, have always been very close to the heart of the leadership of the Democratic Party in the United States. I give you one example. The Doha round has been labelled and defined as a development round. There are very important aspects of the Doha round essential to trade with the developing countries. We do hope that that aspect of it—the fact that it would be lost if Doha were not a success and if continued fast-track authority were not to be granted—and other elements will lead the US Congress to continued support, majority support, of the ongoing effort.

Chairman: Thank you very much indeed. I would like to move on to the Middle East Quartet. Two of our colleagues here have considerable experience of the Middle East, Lady Symons and Lord Wright. I am sorry, I am afraid we have to take a break for a vote.

*The Committee suspended from 17.09 pm to 17.16 pm
for a division in the House.*

Chairman: My apologies for that interruption. I will ask Lord Wright to pick up the questioning.

Q15 Lord Wright of Richmond: Ambassador, I wonder if I could ask two questions about your expectations of what Lord Powell referred to as “practical progress” in the Quartet process. The first, of which I think we have given you notice, is how far do you expect to be able to achieve, if it is not already achieved, a united stance on the part of the EU towards the way in which the Quartet process ought to go? The second, if I could ask you, particularly with your long experience in the United States, is do you have any realistic expectations that the United States will seriously want to address the Quartet process again, given the fact that the President failed to mention anything to do with the Middle East (Arab/Israel) in his State of the Union address?

Mr Ischinger: My Lord Chairman, I will treat Lord Wright’s question as procedural and substantive. If I may, I will start with the procedural aspects. With regard to this issue, we have pursued our discussions with the Americans in very, very close consultation with our colleagues in the UK Government. Procedurally, there is some good news. Chancellor Merkel was able to obtain from President Bush at least a procedural commitment to send Secretary Rice to the region and to have a meeting of the Quartet. The trip to the region has happened. The meeting of the Quartet is scheduled for this coming Friday in Washington. There will be a meeting of Secretary Rice, German Foreign Minister

Steinmeier, EU High Representative Solana, and a member of the Commission will also participate on behalf of the EU, and then of course also the United Nations and Russia will be represented at that level. I think it is, by the way, the first time that the new Secretary General of the United Nations will be directly personally involved in a meeting related to the Middle East. The expectation, as far as we are concerned, is that, as a follow up to the meeting of the Quartet, there would be a trilateral meeting, organised by the Americans, between the US Government and the Israeli and the Palestinian leadership. If all goes well, that should occur by the middle of February, in the next two to three weeks. We strongly believe that, in terms of procedure, the only way forward is the Quartet. We do not believe that individual efforts by member countries or small groups of member countries are a useful alternative. I think there is a growing consensus in the European Union that it is the best way forward, the best hope that we have, if we work through the Quartet. How optimistic are we with regard to US willingness to be more actively committed? So far, over these last several weeks, we have been impressed by the American willingness to listen to these European concerns—and I feel the German Presidency was not the only member of the EU that has raised these concerns in Washington—and we hope that this will be the beginning of a more meaningful process that could, if all goes well, lead to a re-energised or revitalised process that deserves to be called a peace process—something which we have not had over the last number of years. But I do admit also, speaking as frankly as I can here, that conditions in the region, if one listens to the daily news, are not necessarily ideal for kick-starting the process which we would all like to see taken forward. We are reasonably optimistic about the willingness and ability of the British Government to work in good faith with us on the Quartet and on the American initiative to meet with the parties.

Q16 Baroness Symons of Vernham Dean:

Ambassador, I have a couple of questions really arising from what you have just said, if I may. You said that conditions in the region are not necessarily ideal and I put it to you that conditions in the region have never really been worse. Today I was meeting Israelis and Palestinians separately and that message came from both sides: that the situation on the ground is dire and that it is very difficult to see how any progress can be made in the circumstances. I wonder too, given what you have said about a united European stance being the only way forward—and that very much reflects what Chancellor Merkel said in her recent speech about the pre-requisite being a united EU stance—do you really think that that is the pre-requisite, when in fact there is a significant

30 January 2007

HE Mr Wolfgang Friedrich Ischinger and Mr Michael Siebert

undertone of Israeli mistrust of the European Union: a trust in where America stands but a mistrust in where the European Union stands over the peace process?

Mr Ischinger: My Lord Chairman, I would like, if I may, to respond to the question posed by Lady Symons in the following way. It is true, I am sure we all agree, that conditions are rather miserable but, if they are rather miserable, in a way that makes our attempt to renegotiate or revitalise the peace process even more urgent. It is not tolerable from the European point of view that poverty in the Palestinian territories, according to the UN figures, has decreased by 20 or 30 per cent. I could list a number of other elements that, in our view, should lead us to an effort, even if the odds are not very good that we will succeed. With respect to the Israeli position, my impression has been that while in the past there was always a certain problem between the European Union as a whole and the Israeli Government, we have had over the last several months very trusting and very positive exchanges with the Government of Israel, including last summer, of course, on the question of how we could contribute to terminating the conflict and maintaining a rather uncertain peace in the Lebanon crisis. Our recent experience with Israel, and the willingness of Israel to listen to the European Union, has not been negative at all.

Chairman: Thank you very much indeed. I think we must move on because we are getting fairly short of time. I would like to invite Lord Sewel and Lord Geddes to ask one question each on climate change and energy.

Q17 Lord Sewel: Ambassador, I will pick one on the possibility of the global convention. We have had the very welcome, recent statement by Chancellor Merkel saying that she hopes that the Presidency would lay the foundations for a global climate convention during its period and very rightly exercising the need to engage with the United States. Since then we have come to the President's State of the Union address which contains some quite new things in some ways. What do you think the prospects are now and how far do you think you will get in your Presidency?

Mr Ischinger: My Lord Chairman, the questions relating to climate change and energy have taken increasingly centre stage in our shared agendas, certainly in our EU agenda and also in the G8 agenda. Indeed, as Chancellor Merkel pointed out on different occasions, but most recently in Davos, it is our view that in both Presidencies we should do our best and make the best possible contribution to creating a situation that would lead to a positive scenario for the post-2012 regime that needs to be elaborated. As a matter of fact, when one thinks of

post-2012 one tends to think that is five years away, that is not so urgent, but the initial conference to prepare for the post-2012 regime starts in December 2007 in Bali, Asia. That is why our timetable is and, if I may just list that, our first EU summit is in March which will not deal with constitutional issues but economic, energy and climate change issues, in the first week of March; the EU-US summit at the end of April; the G8 summit at the beginning of June and then the conference in Bali at the end of the year. We think these are important milestone meetings to prepare for this. We have been very strongly encouraged by, how shall I put it, the new language coming from Washington. While obviously Washington is not now saying that they will after all join the Kyoto Agreement, we do believe that the new willingness to consider energy saving and climate change issues in a different light offers a new opportunity for transatlantic co-operation in these areas. Clearly, and I know this is a shared conviction in Berlin and here in London, without some degree of active US involvement we will not make the progress that we need to make, or should make, especially also with respect to those countries which have not yet joined the process at all, like China, India and others outside of the Western World. Yes, we are encouraged and I should add as a footnote, I have not had time to check with my experts in Berlin, but speaking very personally I thought it was good that the new Secretary General of the United Nations launched an idea earlier today or yesterday to call a summit during the General Assembly this coming September, a summit meeting specifically devoted to the question of cutting greenhouse gases and climate change questions. That would be a summit, as I understand it, intended to create additional momentum at the top international level in addition to the G8 summit earlier to prepare the ground for the Bali opening conference at the end of the year.

Q18 Lord Geddes: Ambassador, Chancellor Merkel, having called for a reliable energy relationship between the EU and Russia, how will the German Presidency take this forward? In the opinion of your country, is President Putin's promised reduction in the use of transit countries to improve the EU's energy security an adequate response?

Mr Ischinger: My Lord Chairman, let me respond to Lord Geddes' question by stating that we believe from the Presidency's point of view that negotiating the new partnership and co-operation agreement with Russia is an important job for the EU and that energy should play a key role in this. We have all been informed that Russia is not about to sign on to the energy charter, which we would have liked Russia to sign, but if we have an opportunity to work with

30 January 2007

HE Mr Wolfgang Friedrich Ischinger and Mr Michael Siebert

Russia on a new text for a partnership and co-operation agreement, it is not impossible to imagine, in our view, that some of the elements, at least those which both the EU and Russia agree, could be incorporated into such an agreement, so it is not impossible to imagine that some of our energy-related interests with Russia can be met by this agreement. Chancellor Merkel personally made it very clear in her discussions with the Russian leadership that we must find new ways to communicate and avoid the kinds of anxieties and concerns which obviously were the fallout of events that we have all been reading about and clearly we have not been happy ourselves with the development of these issues. At the same time, let me also stress that from a German point of view there is little, if any, alternative for us to create a framework which would tie Russia into Western Europe on energy issues in a way that would hopefully persuade Russia not ever to try to use the energy supply leverage vis-à-vis Western Europe. That is why it has been thought that engaging Russia not only in the upstream activities but also in downstream activities, literally in gas stations and the supply of energy in our countries, is not a bad idea. In the absence of better ways forward we do believe that should be an important element of how we deal with Russia in an era of increased international competition for the available energy sources but it is also one of the reasons why the German Presidency intends to drive forward our efforts to work with other oil and gas producing countries such as Kazakhstan. The President of Kazakhstan is in Berlin today to meet with Chancellor Merkel and we are hopeful that the relationship between the EU and Kazakhstan can be enhanced as part of our efforts to create something which might then be called the “Central Asia Strategy of the European Union” embracing the region as such and, in particular, an important oil producing country like Kazakhstan as an additional, hopefully reliable, and long-term supplier to the EU as a whole.

Lord Geddes: Thank you. That was a very full answer.

Chairman: Thank you very much indeed. I am afraid that we are fast running out of time and there is only time for two quick questions and I am sorry I have to exercise my authority as Chairman to be a bit brutal on this. I think one of the questions that we do need to look at is the European Neighbourhood Policy very briefly and then it would be interesting to hear from the Ambassador on what he feels about the Common Agricultural Policy health check. There were some other questions that we put in the submission to you of topics we wanted to discuss with you, so perhaps in the fullness of time, it does not need to be done immediately, you could possibly write to us with some of the answers to these questions.

Q19 Lord Wright of Richmond: Lord Chairman, could I intervene very quickly and say there is a question about Prüm, clearly we will not have time to cover it. My Sub-Committee on Home Affairs is about to do a very short inquiry into Prüm and it would be extremely helpful, if you were prepared, Ambassador, to send in a written reply to the question.

Mr Ischinger: Absolutely, yes.

Chairman: Yes, that would be fine. I am sorry we cannot do it today.

Q20 Lord Bowness: Ambassador, the Presidency programme says that you are going to focus on strengthening and developing the European Neighbourhood Policy extending relations with Russia and Central Asia. Can you tell us something about these proposals, particularly in regard to any extension of the Neighbourhood Policy to the Black Sea region, and how that fits with your plans regarding Central Asia. When we were in Berlin we heard a great deal about European Neighbourhood Policy-plus for the Eastern neighbours. Are these still part of your proposals or have they fallen to pressure from other Member States with greater interests in the Mediterranean?

Mr Ischinger: Given the shortness of time, I will try to offer a reply that is brief but I hope still satisfactory in substance. It is the German Government’s belief that if we want to work constructively with those countries in our neighbourhood who do not have today, or maybe will not have in the future, either an opportunity to become, or an interest to become, members of the European Union, the best way forward is to enhance existing arrangements for Neighbourhood Policy. It is true that the German focus, when we started to think about it, was primarily directed at the obvious lack of a proactive EU approach in the area of, say, the Black Sea countries and also, in particular, Central Asia. I do want to say that we recognise the fact there can be no meaningful progress in terms of enhanced Neighbourhood Policy of the European Union, if we started to differentiate between east and south, we would immediately create two opposed blocs within the EU and we would block one another. In other words, we do not only want, but we need to keep an adequate east-south balance as we look at our resources and our options. That is why, in terms of objectives, we believe that we should create a specific focus on the Black Sea region. With regard to the Black Sea region, that means in particular that we want to offer the Black Sea bilateral neighbourhood partners additional incentives and opportunities to create regional co-operation amongst themselves in much the same way as 10 years ago when we began to create incentives for countries in the Balkans, some of which, even though they were neighbours, did not

30 January 2007

HE Mr Wolfgang Friedrich Ischinger and Mr Michael Siebert

even have bridges across which they could meet one another or borders that were not open. That is the Black Sea. I have already mentioned Central Asia and, in particular, Kazakhstan. It is our hope that we can pursue the enhancement of the EU's Neighbourhood Policy without linking this offer to an EU accession perspective at this time for all the reasons which we discussed a little earlier in our meeting. I do think that today's meeting in Berlin with the President of Kazakhstan may turn out to be an important test of how far their interest goes and how far we may be able to get with some of these countries because obviously there are not only opportunities to explore economic co-operation, there are also more complex issues, such as human rights-related issues, to be considered if we try to establish a closer dialogue, including political co-operation.

Chairman: Thank you very much. I suppose it would be fair to say that since some 4 per cent of the world's entire energy reserves are recorded in the Caspian area and in Central Asia, it would be rather sensible of you to have a joined-up policy on that. We now come to, if we may, the final question and I am afraid it will have to be a very brief question and a very brief answer.

Q21 Lord Sewel: The CAP health check is due in 2008 and the budgetary review in 2009. The Finnish Presidency has already carried out some informal

discussions with Member States on the health check. What plans does the German Presidency have to take that forward? How radical do you see the health check as being?

Mr Ischinger: We do not expect the Commission to present their proposals on the health check before the autumn of this year. In other words, there will not be, as far as I can see, anything on our table during our Presidency, that is why, unfortunately, my answer may not be totally satisfactory. We do not see much of a concrete opportunity to move the health check issue forward during our Presidency. I suppose it will have to happen mostly during the succeeding Portuguese Presidency.

Q22 Chairman: Thank you, Ambassador. We have reached the end of our meeting. That was a very succinct answer to a straightforward question. On behalf of the whole Committee, may I thank you very, very warmly. You answered our questions in such a detailed fashion and so clearly. This is enormously helpful to us and we shall watch the progress of the Presidency with great interest. We wish Germany all the best during their six-month Presidency. Thank you so much to both you and Mr Siebert. Thank you.

Mr Ischinger: Thank you for your patience.