



HOUSE OF LORDS

European Union Committee

16th Report of Session 2006–07

**Current
Developments in
European Foreign
Policy**

Report with Evidence

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The European Union Committee

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Internal Market (Sub-Committee B)
Foreign Affairs, Defence and Development Policy (Sub-Committee C)
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The Members of the Sub-Committee which carried out this inquiry (Foreign Affairs, Defence and Development Policy, Sub-Committee C) are:

Lord Anderson of Swansea
Lord Boyce
Lord Chidgey
Lord Crickhowell
Lord Hamilton of Epsom
Lord Hannay of Chiswick
Lord Lea of Crondall
Lord Roper (Chairman)
Lord Swinfen
Baroness Symons of Vernham Dean
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Oral Evidence

*The Rt Hon Geoff Hoon MP, Minister for Europe;
Mr Anthony Smith, Director, European Political Affairs;
Mr David Quarrey, Deputy Director, Middle East and North Africa, Foreign and Commonwealth Office*

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NOTE: References in the text of the report are as follows:

(Q) refers to a question in oral evidence

(p) refers to a page of written evidence

Current Developments in European Foreign Policy

REPORT

1. The Committee asked the Minister for Europe, Rt Hon Geoff Hoon MP, to give evidence on the most recent developments in European Foreign Policy. We thank the Minister for his time.
2. In this Report we make available, for the information of the House, the oral evidence given to Sub-Committee C (Foreign Affairs, Defence and Development Policy) by the Minister for Europe, accompanied by Mr Anthony Smith, Director, European Political Affairs, and Mr David Quarrey, Deputy Director, Middle East and North African Department, Foreign and Commonwealth Office, on 10 January 2007.
3. Key topics in the evidence are:
 - The timing of the receipt of documents for deposit in the House of Lords (Q 1)
 - The Middle East Peace Process and the role of the European Union (EU) (QQ 3–12, 15)
 - Relations with other EU countries (QQ 13–16)
 - The European Neighbourhood Policy and the EU's relations with Russia (QQ 17–26)
 - Institutional/treaty change (QQ 27–33)
 - The candidature of Turkey for EU membership (QQ 34–35)
 - The EU's relations with the African Union, in particular over Darfur (QQ 36–44)
 - The Balkans, including the EU candidatures of Croatia, Macedonia and Serbia, the ESDP mission to Bosnia, and Kosovo (QQ 45–54)
 - Afghanistan (QQ 55–65)
 - Iran (QQ 66–73)

APPENDIX 1: SUB-COMMITTEE C (FOREIGN AFFAIRS, DEFENCE AND DEVELOPMENT POLICY)

The members of the Sub-Committee which conducted this inquiry were:

Lord Anderson of Swansea
Lord Boyce
Lord Chidgey
Lord Crickhowell
Lord Hamilton of Epsom
Lord Hannay of Chiswick
Lord Lea of Crondall
Lord Roper (Chairman)
Lord Swinfen
Baroness Symons of Vernham Dean
Lord Tomlinson

Declarations of Interest

A full list of Members' interests can be found in the Register of Lords Interests:
<http://www.publications.parliament.uk/pa/ld/ldreg.htm>

APPENDIX 2: REPORTS

Recent Reports from the Select Committee

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

The Brussels European 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)

Session 2006–2007 Reports prepared by Sub-Committee C

Current Developments in European Defence Policy (1st Report session 2006–2007, HL Paper 17)

Session 2005–2006 Reports prepared by Sub-Committee C

The European Union's Role At the Millennium Review Summit (11th Report session 2005–2006, HL Paper 35)

Review of Scrutiny: Common Foreign and Security Policy (19th Report session 2005–2006, HL Paper 100)

Current Developments in European Foreign Policy (26th Report session 2005–06, HL Paper 124)

Current Developments in European Defence Policy (27th Report session 2005–06, HL Paper 125)

Seventh Framework Programme for Research (33rd Report session 2005–2006, HL Paper 182) (prepared jointly with Sub-Committee B)

The EU and Africa: Towards a Strategic Partnership (34th Report session 2005–06, HL Paper 206)

Current Developments in European Defence Policy (35th Report session 2005–06, HL Paper 209)

Current Developments in European Foreign Policy (43rd Report session 2005–06, HL Paper 228)

Europe in the World (48th Report session 2005–06, HL Paper 268)

The EU and Africa: Follow-up Report (49th Report session 2005–06, HL Paper 269)

Session 2004–2005 Reports prepared by Sub-Committee C

Current Developments in European Foreign Policy (2nd Report session 2004–05, HL Paper 44)

European Defence Agency (9th Report session 2004–05, HL Paper 76)

Preventing Proliferation of Weapons of Mass Destruction: The EU Contribution (13th Report session 2004–2005, HL Paper 96)

Minutes of Evidence

TAKE BEFORE SELECT COMMITTEE ON THE EUROPEAN UNION
(SUB-COMMITTEE C)

WEDNESDAY 10 JANUARY 2007

Present	Anderson of Swansea, L	Roper, L (Chairman)
	Chidgey, L	Swinfen, L
	Crickhowell, L	Symons of Vernham Dean, B
	Hamilton of Epsom, L	Tomlinson, L
	Lea of Crondall, L	

Examination of Witnesses

Witnesses: RT HON GEOFF HOON, a Member of the House of Commons, Minister for Europe, MR ANTHONY SMITH, Director, European Political Affairs, and MR DAVID QUARREY, Deputy Director, Middle East and North Africa, Foreign and Commonwealth Office, examined.

Q1 Chairman: Minister, thank you very much indeed for coming to see us this morning. As you will see, looking around the table, a number of us are new Members to this Committee, although you will also see some familiar faces from here and elsewhere. Those of us who have come to Sub-Committee C after having seen scrutiny of other parts of the European affairs have found that the process dealing with the CFSP and the ESDP is complicated by the fact that things move very quickly and therefore we sometimes get documents rather late. We understand the problems about this and we have written to you and Lord Grenfell has written to you about a number of them. We did publish a very useful report on the review of scrutiny about a year ago and I was wondering whether there are occasions where, even if there is not already a formal EU document, you would be able to give us some sort of indication of something so that we would at least be able to begin to think about it and then move relatively quickly when the document appeared.

Mr Hoon: My Lord, I will certainly do that. Could I take a moment before that, however, simply to offer my condolences following the recent passing of Lord Cockfield. I would like to say something about him because obviously he was a distinguished parliamentarian and minister but he was also, in my personal experience, a very successful European Commissioner. He began as a European Commissioner in 1985. At that time, as Members of the Committee will be aware, I was a member of the European Parliament's Legal Committee dealing with many aspects of the single market proposals for which he was personally responsible. It is fair to say that, without his determination on many aspects, the single market would not be in the shape that it is in today. It required considerable intellectual and political skill to drive forward that programme. He

did so with great success. He did so in a way and with a style that perhaps would be unrecognisable to modern political processors, and that, I think was part of his success. I would not want his passing to be unrecorded. As someone who was on the receiving end of his proposals in the European Parliament Committee, I hope the Committee will not mind me making those observations.

Chairman: Minister, thank you very much for saying it. Those of us who did know him—not as well as you did—much appreciated his remarkable range of contributions to British public life and in particular his service on the Commission.

Q2 Lord Crickhowell: Could I say, as a former Cabinet colleague, that I very much appreciate what has just been said. I can endorse that the somewhat unusual style in which he sometimes dealt with business, both in Cabinet and later in Europe, was very effective.

Mr Hoon: I would certainly agree with that. As far as the late receipt of documents is concerned, certainly two of those which the Committee have highlighted to me—and I have to be diplomatic here—were the result of the Finnish Presidency, if I may put it in this way, being more successful than was anticipated, so that, when the agenda for the Council was being determined rather late in the Presidency, they discovered that there was perhaps not quite as much material for debate and discussion as they had previously anticipated, with the result that there was a certain amount of—what is the right way of putting it diplomatically—“clearing out” of documents. I appreciate the fair way in which you, Chairman, have made the point but all I can say is that you were not the only ones who were surprised by how quickly some of these documents moved. I think it is fair to say that we also had to deal with these at rather short

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notice. Obviously I apologise that more information and more time was not given to the Committee, but, unfortunately, we were in exactly the same position.

Chairman: Thank you very much indeed. Could we now move to our questions. Lady Symons.

Q3 Baroness Symons of Vernham Dean: Minister, the Prime Minister has made it very clear that he regards the Middle East Peace Process as his real foreign policy target in terms of how he wants to concentrate efforts between now and whatever time he chooses to leave Number 10, so can we look in quite a focused way on how you see the role of the European Union, as the Union, and the way in which it is aiming to effect influence in what is happening in relation to the Middle East Peace Process. There is a certain amount of scepticism about just how much notice is taken of the EU, as the EU, as opposed to individual Member States putting in their views on what is happening. Those of us who have dealt with the Middle East and listened perhaps to what our friends in Israel say about the role of the EU have probably some reason to be a bit sceptical about how seriously the EU role is taken. Can you tell us what, in your view, is the role of the EU, how you see that role developing, and whether you believe that is an effective instrument for developing policy in relation to the Middle East Peace Process which is more effective than the contributions Member States make as individual States who are able to have bilateral relationships?

Mr Hoon: I think that is a fair summary of recent history but perhaps not entirely fair on the current position. Clearly, as a member of the Quartet, the EU plays a key role in the international community's efforts to achieve peace. It plays a key role economically: it is the largest international donor to the Palestinians and obviously a key trading partner as well with Israel and the Palestinians. The historic criticism is probably justified, that the EU has not always been seen to play its part as neutrally and as independently as some of the participants, at any rate, would like. I think there has been a very determined effort in recent times to redress that perceived imbalance. Javier Solana, representing the European Union, has made a very determined effort to demonstrate even-handedness. My view is that the EU is the key institution as far as European countries are concerned but that we have to use every opportunity that is available, bilaterally involving Member States with some experience and some influence, as well as groups of countries—as we saw very recently with the Spanish, French, Italian initiative. I think we have to look to find ways to try to get the process back on track and, in particular, mentioning the Prime Minister's visit on 17 and 18 December, to build Palestinian capacity—because, as Members of the Committee will be well aware, the

key problem at present is the lack of a negotiating partner. Trying to find ways in which we can ensure on the Palestinian side that they have the ability and the capacity not only to negotiate but to deliver an effective result seems to be the critical step that we have to take. I think the EU can have an important role in that but it is important to recognise as well that that is part of a series of complementary steps that we have to coordinate as the EU, but recognising that individual Member States and groups of Member States will also have a part to play. David is our expert on these matters.

Mr Quarrey: I would like to say that there was discussion at the PSC yesterday, looking forward to what the EU should be doing on the Middle East Peace Process this year, and it reflected that balance, as the Minister has set out, between trying to move forward on the political process and particularly trying to make the Quartet a more effective vehicle and the EU more effective within that vehicle, and, on the other hand, developing practical support to the Palestinian Authority, particularly to the office of the President, where we can support it. There is recognition, particularly on the Israeli side, that the EU's role has evolved and that it is becoming, perhaps, in Israeli terms, more even-handed.

Q4 Lord Lea of Crondall: We are going to be doing this inquiry and the narrow definition of the Middle East Peace Process is clearly Israel policy. Would you comment on the fact that there is, however, every time you look at it, “noises off”? There is Israel, Iran, Hezbollah and so on. Would you comment on how you see the viability of the narrow definition or the “normal” definition, you might say, of the Middle East Process and everything else that is going on.

Mr Hoon: Trying to turn that on its head to some extent, one of the points the Prime Minister has rightly consistently made is that the key to many aspects of the difficulties we have in the wider region and, indeed, in the Muslim world, is the crucial position of the narrow Middle East Peace Process: the sense of trying to find a solution to creating a Palestinian State. That clearly influences Muslim opinion around the world. It has been taken up more enthusiastically recently in the Arab world. Certainly in my experience of dealing with these issues as recently as 5 or 6 years ago, perhaps part of the Arab world were not quite as keen on the issue as they appear to be today. Equally, I think the wider context has also become more significant. In the Arab world I think there is growing concern about the role and the influence of Iran and the way in which Iran is playing a part, sometimes through subsidiaries, in the narrow Middle East Peace Process itself. Clearly there is a wider focus but nevertheless the Prime Minister, I believe rightly, and the Government identifies the narrow definition of finding a way to create a

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Palestinian State as being a vitally important step to take in improving relations with the Muslim world and with the Arab world.

Q5 Baroness Symons of Vernham Dean: It was an articulated policy that the European Union would, if you like, leave sufficient space for the Americans to take the strain over the Middle East Peace Process. I certainly remember that back in 1997/1998. We seem to have now started to see that rebalancing going on, but the rebalancing, in many people's eyes, has been much more with a humanitarian focus: the EU stepping in, as you rightly say, to provide Palestinian infrastructure, money, and indeed budgetary support on a month-by-month basis. Do you really believe that the European Union has a political impact? I think we will all acknowledge that there is a very important humanitarian role and that has its own political placing but, when it comes down to the nitty-gritty of who is listened to, do you think that Javier Solana is able to command the ear not only of the Palestinians but also of the Israelis with the same sort of authority as, for example, the American Secretary of State? It is that political punch that we remain to be convinced about as far as the European Union is concerned and very particularly with the Israelis.

Mr Hoon: If the Committee will forgive me, I do not intend to assess the level of influence. There is little doubt that any US administration is always going to be a key player in this process. It is important to continue to engage the United States in this process but I do believe that the EU has an important role to play not only economically and in providing humanitarian and development and financial assistance but politically as well, because that complementary process which I described earlier allows those with important relationships in the region. France has significant and different relationships in parts of the region than the United Kingdom. We have a particular history in that part of the world; other countries have expertise that they can bring to bear. It is important that the international community, through the Quartet, works together in bringing that influence to bear. I state the obvious: this is not going to be solved easily, therefore, if those kinds of relationships, however they are brought to bear, are brought to bear in a coherent and constructive way, it may prove successful.

Q6 Lord Crickhowell: Minister, you just referred to the humanitarian and economic contribution. You also referred to the growing Arab interest and the limitations on the political role. Surely the potential Gulf and Arab involvement in the economic and humanitarian role is much greater than it has been in the past. It would be a real contribution, would it not, if Europe could encourage and get more

cooperation? Do you see a way forward to get more involvement of the Arab world in the whole process?

Mr Hoon: I was really referring to my own experience in the region over a number of years, where I did not always find that the leadership of some Arab countries quite shared the passion for the issue that perhaps was expressed in the newspapers and, indeed, on what is known as "the street". I think perhaps there has been a growing realisation amongst the leadership of a number of countries that this is an issue that they have to take seriously and take an interest in. Therefore, getting them engaged in both the humanitarian and development and financial side is one thing but it is also important that they need to be engaged as well on the political side. That means not simply standing on the sidelines providing a running commentary but engaging in practical steps for bringing about negotiations and finding a way forward that will allow the Middle East Peace Process to be resumed. I think the Arab world does have a significant role in that.

Q7 Lord Anderson of Swansea: Minister, the EU is the largest international donor. Do you believe we have sufficient credit for that in terms of public diplomacy in the Arab world?

Mr Hoon: I am probably not best placed to answer that question. I think there is a determination in the EU to ensure, as we have demonstrated, that, despite the election of a government that is not prepared to respect the Quartet's principles, we have found mechanisms for continuing to channel funding to the Palestinian people.

Q8 Lord Anderson of Swansea: That was not the question, with respect.

Mr Hoon: No. I am getting there. I apologise if I am being longwinded. I was about to add that, if those mechanisms had not been found, I think there would have been a serious outcry in the Arab world that we were simply abandoning our commitment to the Palestinian people. Finding those mechanisms demonstrated the EU's determination and commitment to the Palestinian people. Perhaps we should get more recognition for that in a wider sense but it is something that we will continue to do.

Q9 Lord Anderson of Swansea: You will recall that there was considerable criticism in the past that the EU aid was not adequately transparent. That did, in effect, condone the substantial degree of corruption in the Palestinian Authority which, happily, Hamas has brought to light for its own purposes. Is it your view that when—and hopefully as soon as possible, when the conditions are met—direct assistance to the Palestinian Authority is resumed, the lessons will have been learned, and that there are procedures now in place in the European Union to make that aid

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more transparent and to avoid the corruption of the past?

Mr Hoon: I think that is a very fair observation. Obviously the mechanisms that have been used have been seeking to demonstrate direct financial assistance to the health and welfare of the Palestinian people. I hope that has been done without corruption.

Q10 Lord Anderson of Swansea: It manifestly has not.

Mr Hoon: Currently. The way in which the funding has been channelled has been rather different and therefore I hope has avoided the kinds of problems of the past. I do not know whether you would like to add to that, David.

Mr Quarrey: It is worth recording that EU direct budgetary support was suspended before the election which brought Hamas to power, precisely because of concerns about how the FATAH-run Palestinian Authority was spending the money at the time. I think those concerns are well understood. I think there is a very strong mood in the EU that future assistance which is likely to be on a very substantial scale must be spent on a more productive, long-term and transparent basis than before.

Q11 Lord Anderson of Swansea: Has that been translated into new procedures?

Mr Quarrey: Through the temporary international mechanisms there are accountability mechanisms which we will want to apply to future funding, when it is resumed, directly to the Palestinian Authority. But it is a difficult situation at the moment, when we do not know when and at what volume we will be funding the Authority.

Q12 Lord Chidsey: Minister, we have more or less covered the ground on the Middle East Peace Process but there are a couple of issues I would like to raise with you, if I may. There have been a number of reports, well substantiated, from a number of countries in the Middle East region, which have traditionally been quite close to Britain in its European policies within the region and as far as the EU is concerned as well, reports that the leadership role that we were able to play as a country within the EU and individually and with many of the Gulf countries and Middle Eastern countries has been, I have to say, severely damaged by the involvement in the Iraq War, and the credibility and the expertise that we were seen to have, and the wisdom perhaps, has been undermined, somewhat, by recent events. I would just like to ask you your own view of the Government's view—as a matter of fact, if you wish, or not—and what steps you feel that the Government within the EU can take to try to re-establish our principal role that we have traditionally played in

that region, working with the EU, as a leader in the EU, in policy development in that region.

Mr Hoon: I simply do not accept the premise of the point. I do not believe it has affected our ability to take a leading role. I think the Prime Minister has demonstrated that his voice is heard very strongly throughout the Arab world. Indeed, having followed him to one particular place, people were full of praise for his taking an initiative and being prepared to devote the time that was referred to earlier to try to move things forward. I do not believe that has been the case. I might also mention, incidentally, that many of those same countries were privately encouraging action against Iraq over a long period of time.

Q13 Lord Chidsey: The caravan does move on, Minister; one appreciates that. As a supplementary to that point: we obviously had some difficulties with our colleagues in the EU at the outbreak of the conflict.

Mr Hoon: Some of them. There is a myth, if you will forgive me for saying so, that somehow or other we were isolated in Europe. A significant majority of EU Member States supported the position taken by the British Government.

Lord Hamilton of Epsom: France and Germany are two of the biggest, are they not?

Q14 Lord Chidsey: Perhaps I could just finish my question—I have obviously started a discussion here. I hear what the Minister said, nevertheless there was some disagreement and there was some difference of interests and there were some difficulties in our relations with some of our important EU counterparts. The question I really wanted to ask is: Now that time has moved on, are those difficulties behind us? Can you say with confidence, Minister, on behalf of this Government, that in the EU we have restored our position of influence successfully with those countries with which we had these disagreements? If not, what are you doing about it?

Mr Hoon: We have a very strong relationship with both Germany and France, if those are the two countries which you refer to. I do not doubt that we have considerable influence as far as those countries and, indeed, other EU countries are concerned, so I do not have any difficulties with that. If the criticism at the time which I have heard was that we lacked clear direct support from the United Nations, then of course there is an absolutely specific United Nations' resolution that governs the operation of international forces in Iraq today. Those countries that set great store by the United Nations should not be in any difficulty in both deploying their forces and using their administration to support the rebuilding or reconstruction of Iraq.

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Q15 Lord Tomlinson: Minister, I would like to go back to the question of the financing of what I would call the flanking measures of the Peace Process. I always have stuck in my mind the figure of 53 cents in the dollar coming from the European Union. With the reluctance to give support to the Palestinian Authority following the elections and the engagement of Hamas in the process of government—which has obviously diminished the contribution—and with the renewed enthusiasm of the Arab world for engaging—one would hope engaging financially in the processes that are necessary—has this global figure of about 53 per cent changed?

Mr Hoon: Neither of us recognises the figure at the moment. I do not think there is any argument that the EU is the largest international funder; I will have to check the precise percentage. Could I make the point as far as the Palestinian Authority is concerned that there is no reluctance to support the Palestinian Authority providing those who are responsible for that accept the principles of the Quartet. It is vitally important that in taking this process forward we have a partner who is prepared to acknowledge the existence of the State of Israel and prepared to recognise that there is a peaceful solution to this problem. Until we have a partner who is prepared to do that, it is rather difficult to make much ground.

Q16 Lord Tomlinson: Roughly speaking, are the Arab States putting their money where their mouth is?

Mr Quarrey: There are some indications of increased Arab funding. There is not a huge amount of money getting through at the moment. I think some of the important Arab States are very keen, as we are, to support President Abbas and his office but I do not think that Arab money has flowed in in very substantial quantities. In 2006, it is worth remembering, the EU gave more money to the Palestinians than it has done in any other year—not directly to the Palestinian Authority, but we put in about 680 million euros—so there was more money going from the EU to the Palestinians than ever before. I suspect, in fact, that the EU's share of total funding to the Palestinians probably increased last year rather than decreased.

Chairman: We will be coming back to the question of the Middle East in our main inquiry, and, in view of time, perhaps we could move on to the next topic.

Q17 Lord Anderson of Swansea: We have seen an article by Charles Grant (December 12, in the *Financial Times*) in which he argued that the European Neighbourhood Policy was insufficiently flexible, insufficiently ready to differentiate between the better performing countries and those who are not, and that there should be incentives, such as, for

example, bringing countries into discussions where matters directly relevant to them were on the table. (For example, on Black Sea policy, that Georgia should be brought in for discussions and that this would (1) provide an incentive and (2) add to the quality and discussion in the Council.) Is this a matter which has been considered by the Government? Would we broadly support or not this suggestion that there should be rewards for the better performing countries by such matters as Charles Grant suggests?
Mr Hoon: Without dwelling too much on my own personal history, I have known Charles since I first went to the European Parliament in 1984. He has always been a distinguished and stimulating commentator on European affairs. That is not to say that I have always agreed with him. As far as a European Neighbourhood Policy is concerned, we want it to be effective. We want it to continue to promote secure, prosperous, stable democracies on the EU's borders. Finding new ways of doing that is something we will continue to look at. I did see that article. I thought it was typical of Charles's lively thinking on the question and it is something that I know we will take very seriously.

Q18 Lord Anderson of Swansea: What does “we will take seriously” mean?

Mr Hoon: It means that the neighbourhood policy is continuing to evolve and develop. Those kinds of ideas, if they can be incorporated in a future conception of the policy, are something we will look at.

Q19 Lord Anderson of Swansea: Are we disposed to press that?

Mr Hoon: I am certainly prepared to think about it.

Q20 Lord Tomlinson: As the European Union's neighbours are the Member States of the Council of Europe, are the Government proposing to take the Council of Europe more seriously in future?

Mr Hoon: We always take the Council of Europe seriously.

Q21 Lord Tomlinson: That is why it is constantly under budgetary constraint.

Mr Hoon: I do not think that is strictly fair. We have offered the Council of Europe an increase in its funding consistent with the current rate of inflation.

Q22 Lord Tomlinson: But not with the importance of the European Neighbourhood Policy.

Mr Hoon: I do not see the connection. The European Neighbourhood Policy is an EU policy and it is something that we continue to value and continue to develop.

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Lord Tomlinson: Hence we go full circle. The European Union's neighbourhood is the membership of the Council of Europe.

Q23 Chairman: And the Mediterranean countries.

Mr Hoon: I am not sure that is strictly true, but I would have to look at the list of the respective organisations to see whether that is right. My instinct says it is not quite right.

Q24 Lord Anderson of Swansea: Relevant to the Neighbourhood Policy, obviously, is something as fundamental as Energy Policy. I understand that the Union is publishing or launching a document today. On Monday we had the blockage of Russian exports to Belarus. Clearly it is a threat which affected Ukraine in the past and it could affect other countries. To what extent have we responded? To what extent are we seeking to diversify, particularly in respect of the European Neighbourhood Policy? Are we using our linkage with affected countries constructively as a result of the Russians' use of oil, clearly, as a weapon?

Mr Hoon: From the EU's perspective, we want to see agreements respected. We want to see a secure energy supply, with suppliers and consumers able to rely on agreements that have been made historically. On the specific dispute, we want all sides to engage in discussion rather than take unilateral action. I did see this morning some very strong comments from Chancellor Merkel—I am sure, speaking both on behalf of Germany and equally on behalf of the Presidency—indicating her concern about recent developments, so it is something that the EU have taken very seriously. We had a long discussion at the Finnish informal about energy policy. It is something that all countries feel very strongly about, not surprisingly.

Q25 Lord Anderson of Swansea: I know we are renegotiating with Russia—I think in the German Presidency—the Partnership and Cooperation Agreement. To what extent will Russia's energy policy be a factor in that renegotiation?

Mr Hoon: Coincidentally, at that informal we also discussed the renewal of negotiations of the agreement. The view of the UK Government which I expressed at that meeting was that we want a high level comprehensive agreement with Russia, and obviously we want Russia to accept previous agreements, to acknowledge that it has responsibilities as a major supplier not to interrupt supplies. Part of the thinking behind our wish to see a comprehensive agreement is that this should be more than simply a token arrangement between the EU and Russia: it should be a detailed set of agreements that Russia would accept and recognise in all circumstances.

Q26 Lord Anderson of Swansea: Poland, for example, is wholly dependent on Russian oil.

Mr Hoon: It is not only Poland that is energy reliant on Russia.

Q27 Lord Lea of Crondall: I have a question on institutional/treaty change. As you will know, Minister, we recently produced a report commenting on the *Europe in the World* communication from the Commission and we noted that much could be done within the present treaties. We were wondering how the Government's thinking is evolving, perhaps on the principle, if I may put it this way, of pragmatism, that there could, however, be some measures which would be desirable where you do hit an institutional road block. Could you tell us the state of the Government's thinking? Are there institutional road blocks or can most of the desirable changes in this field be done without treaty change or even without institutional change?

Mr Hoon: It was a helpful and valuable report and it broadly reflects Government thinking, which is that a number of detailed changes can be made without institutional reform. We believe that a great deal has been achieved as far as the Common Foreign and Security Policy is concerned. It is working extremely well, not least, if I may say so, because of the determination and energy of Javier Solana, who I think has done a tremendous job on behalf of the EU. We want to see that work continue, develop, strengthen in the areas where it is possible to do so without treaty change, but we acknowledge that there will be pressure, not least from other countries, to see those changes in due course. I am reminded by Anthony that we will be giving a formal reply next week to your report.

Q28 Lord Lea of Crondall: Thank you. In that connection, I think it is fair to say the Government are being a little more ready to take initiatives on this big debate rather than waiting for France or Germany to either take all the initiatives or, indeed, wrap something up and then we are asked to comment on it. I am characterising the position in a provocative way in order for you to comment on how we are taking initiatives.

Mr Hoon: I am struggling to identify particular initiatives. The German Government's position—publicly, at any rate—is that it wants to see the treaty implemented. There has been a very interesting speech by Nicolas Sarkozy, not on behalf of the French Government but I suspect on behalf of a potential candidate for the Presidency. Beyond that, I am not clear that there have been initiatives.

Q29 Lord Lea of Crondall: If Angela Merkel is looking to have some movement in the debate.

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Mr Hoon: That is not a German initiative. The German Government are proposing as part of their Presidency essentially sounding out all 27 Member States as to what they believe is the way forward on the Constitutional Treaty. Not surprisingly, the British Government will take a vigorous part in that.

Q30 Lord Hamilton of Epsom: Do you think the EU is operating without a ratified constitution satisfactorily?

Mr Hoon: We supported the treaty. We negotiated vigorously in the best interests of the United Kingdom. We acknowledge, therefore, that there are areas where institutional change would be of assistance to the EU. But this was a complex, balanced package. In the various meetings I have had around the EU, one of the very strong points made not only by the United Kingdom but by a number of other countries was that this was a compromise, even with, inevitably, a series of measures which, taken together, have allowed countries to agree them. Therefore, finding a solution to the problem of the referendum defeats in France and the Netherlands is not something that can simply be identified at this stage. That is precisely why the German Government are seeking the views of Member States as to a possible way forward.

Q31 Lord Hamilton of Epsom: To paraphrase your answer: you think that the EU would operate more satisfactorily if it had a written constitution but do you think it is operating satisfactorily now without it?

Mr Hoon: I was once a constitutional lawyer and I have to say that the EU has always had a written constitution. That written constitution was embodied in the Treaty of Rome and the series of amendments for that treaty, agreed by successive governments, including Conservative ones.

Q32 Lord Hamilton of Epsom: Do you think it is working satisfactorily now, with the situation we are in at the moment?

Mr Hoon: I think I have already answered that question. I said that we acknowledged in our support for the Constitutional Treaty that there were areas where it was necessary to make changes in order to improve the efficiency of decision-making in the European Union. But, given the difficulties in France and the Netherlands, it does not appear likely that the treaty in its present form will go forward. We still need to find a consensus, either on that or any other solution that the German Presidency are seeking to identify.

Q33 Lord Tomlinson: Angela Merkel, in her very interesting interview with *The Times* yesterday, seemed to be saying three very clear things, amongst others. One was the imperative of the United

Kingdom involvement in getting past this impasse; the second was the imperative of institutional change in order to facilitate decision-making in the European Union; and the third was that there should be no further enlargement unless and until. How far would you share her views?

Mr Hoon: I am always grateful for support from important Member States to the UK's role. I had an interesting visit to Berlin shortly before Christmas where some of those points were made to me—perhaps rather more bluntly than the German Chancellor made them in her interview. My answer is consistent with the answer I gave to Lord Hamilton, which is that the real problem, for the moment, at any rate, is not in the United Kingdom; the real problem is finding a way through to votes in France and the Netherlands, that, in my view, are unlikely to be repeated. There is a sense in certain parts of the German political establishment—not, I think, shared by the Chancellor, but elsewhere—that the solution is for France and the Netherlands to vote again. I am not convinced that that is politically sensible or practical. But I have acknowledged that in the treaty itself there are measures which the British Government believes will help the efficient operation of the EU. We have to find a way in which to look at those issues, but, as the noble Lord knows better than I do, these are matters which can only be achieved by consensus. As far as enlargement is concerned, the UK continues to strongly support the question of enlargement, but, again, that requires the agreement of all 27 Member States. We have always supported enlargement. We believe that that is important to the EU and the recent accession to the EU we believe to be of tremendous benefit to the European Union. We would not want to see that process stopped.

Q34 Baroness Symons of Vernham Dean: Minister, can you give us your assessment of what the real state of play is over Turkey now. It is the visceral question. What is your assessment of what will happen if Turkey is blocked in its candidature? Wherever one goes, this is the question. It reflects back to the conversation we were having before about the Middle East, because it is raised—certainly I have it raised with me when I am in the countries of the Middle East—about the move, as it is seen, to block an Islamic country. Clearly we have taken a very strong stance in support of the Turkish candidature but how do you see this working out?

Mr Hoon: We were . . . What is the right word? We were relieved at the result achieved in the General Affairs and External Relations Council in December. I was personally relieved because, having spent months travelling to Ankara, to Istanbul, to Athens and meeting with the Greek Cypriots on a pretty regular basis, I felt that the outcome, although not precisely what the British Government would have

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wanted, was nevertheless acceptable and it allowed negotiations to continue in all but the eight areas identified in the decision. It means, therefore, that negotiations can continue. In any event, negotiations on all of the dossiers never occurs simultaneously and there is always a process whereby some dossiers are taken ahead of others. It will allow Turkey to make progress in a number of significant areas. Nevertheless, we have always acknowledged in all the meetings I have had with my Turkish counterparts that they agreed to the additional Ankara Protocol and that that is a fundamental aspect of European law to which they must at some stage adhere. I hope that with the breathing space, in effect, that the General Affairs Council decision has provided, we can find a way through this problem without quite the pressure of time that appeared to be building up towards the end of the Finnish Presidency. I hope that is a realistic assessment of where we are.

Baroness Symons of Vernham Dean: It will do very nicely for now. Thank you.

Q35 Lord Anderson of Swansea: In respect of the chapters to be opened, is it fair to say that, in spite of the Council decision and the Commission recommendation, Cyprus has currently blocked any movement in respect of three chapters?

Mr Hoon: That is not my understanding at the moment, no. Let me make sure I have that right.

Mr Smith: I would add that the week after the European Council endorsed the General Affairs Council conclusions on Turkey, the negotiations at working level resumed and there was cooperation among all Member States to make progress in the way that the Council had decided, so things are moving forward now.

Lord Anderson of Swansea: Thank you very much.

Q36 Lord Lea of Crondall: I think the Minister is aware of the report we did on the EU and Africa. We were quite shocked by the logistics' inadequacies of the African Union. It is very well illustrated by Darfur: they have just two or three people with technical competence dealing with it, and we are very pleased to see the EU beefing up its contribution to the infrastructure and logistics. Would you be able to comment on how far the EU, as a whole, at political level is strongly committing itself now to building up the credibility of the AU, given that it has to be a factor, side by side with the UN, however you like to express it, in action in Darfur and no doubt in other regions in the future?

Mr Hoon: There is a consensus amongst Member States about the way forward in Darfur. I think it probably reflects a more general appreciation of a number of conflicts and potential conflicts in Africa; that is, to emphasise the key role of the African Union but not simply to say, "This is a matter for the

African Union; it is nothing to do with us" but, I hope consistent with the question, to demonstrate our continued support in a practical way. The noble Lord kindly mentioned the logistic and other support being provided to various policing missions. I think it is important to continue to build capacity of the African Union to carry out peace-keeping and reconstruction operations in Africa. It seems to me much better politically that they should do so, but clearly they need the capacity—so the logistics, advice, training and the range of support that we can give. To build up the ability of the African Union I think is the right way forward. It is a view shared by all EU Member States.

Mr Smith: As you probably know, the EU is already the biggest contributor to AU capacity building. There is a balance to be struck with their need for funding and the AU's own desire to retain ownership of its development. That is a factor as well.

Q37 Lord Lea of Crondall: Is it realistic to think of that degree of ownership by the African Member States of the African Union in these questions of government, security and development—the triad, if I may put it that way? Are we just kidding ourselves? Do we think there is more buy-in by the political leaderships in depth in the African Union Member States towards the role of the African Union?

Mr Hoon: My impression would be yes.

Q38 Lord Chidsey: The Government, admirably, have put a lot of effort into supporting the African Union and its Member States' efforts to develop good governance, transparency, anti-corruption measures and so forth, certainly supporting NEPAD and so forth. NEPAD, of course, is a new initiative in the first instance, and I am interested to hear from you, Minister, whether the Government has been able to get its counterpart Member States in the EU to share the enthusiasm that we clearly do have for supporting the African Union and the NEPAD initiative to make the African countries and Africa as a continent a more amenable and more acceptable and more attractive continent for us to work with in the 21st century. There are a lot of aspirations but what is the concrete development plan?

Mr Hoon: I indicated earlier there is a strong consensus. I think it is fair to say that different countries, as a result of their different colonial history in Africa, have different bilateral relationships, but, having dealt when I was Defence Secretary with Sierra Leone and watched, for example, France deal with the Côte D'Ivoire, it seemed to me that there were very similar issues involved and that, despite our different colonial history and relationships with different countries, there is an acknowledgement, certainly in France and the UK, perhaps the major providers of military capacity, that supporting and

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building up the AU to deal with these issues, providing the requisite training and assistance, is the right way forward. I have never had an argument with anyone in the EU about this; it seems to me to be a sensible way forward. It acknowledges that it is best for the African continent if African forces are engaged in the kind of peace building and reconstruction tasks that are necessary in a number of the conflicts in Africa.

Q39 Lord Chidgey: And the support is forthcoming as well as the aspirations.

Mr Hoon: I think you will find that most EU Member States are prepared to help. As I say, I have never detected any lack of enthusiasm. I have mentioned France and the UK but Portugal and Germany have their own relationships with the African continent and acknowledge that it is a continent where we must be rigorous in providing the kind of support to avoid some of these fortunately currently low-level conflicts becoming higher-level ones.

Q40 Lord Hamilton of Epsom: Darfur is a matter of enormous concern to a lot of people. You say there is consensus in the EU on it. Should we not be thinking about serious financial inducements for the African Union troops to go in there? Presumably, if the Nigerians felt that the total cost was going to be borne by the EU of sending troops there, then they would be more enthusiastic to do it.

Mr Hoon: I think that is where we work as part of the United Nations. It seems to me that we can play a significant role in improving capacity. The question of funding, of providing financial support for other countries, is largely a question for the United Nations, but, in any event, we end up helping with the bill through our contributions to the United Nations, so I do not think identifying the EU in this area is necessarily helpful. The EU has assisted financially in the past; it is simply a question of finding the right way forward for the future.

Q41 Lord Hamilton of Epsom: We do know that the United Nations is the most grossly inefficient organisation and reacts extremely slowly. Surely on a non-bilateral basis the EU could achieve more.

Mr Hoon: I do not accept the premise of the argument.

Q42 Lord Crickhowell: There is a very difficult, rapidly changing and dangerous situation in Somalia. Is there a European position? Is it likely to develop? What is the relationship of Europe to the developing situation in Somalia?

Mr Hoon: I am sure there is a European position. I do not know what it is.

Mr Quarrey: I am not an expert on Somalia but there is an EU presence.

Lord Crickhowell: There is a presence but it is very limited.

Lord Anderson of Swansea: It is described as “a programme”.

Q43 Lord Crickhowell: A programme.

Mr Hoon: I see no helpful pieces of paper arriving.

Q44 Lord Crickhowell: You are really saying that Europe is staying pretty carefully out of it.

Mr Hoon: Heads down in the row behind me.

Q45 Lord Anderson of Swansea: Minister, questions, if I may, on Croatia and then Serbia/Kosovo. I recognise, of course, in the accession conference of December 21 three new chapters were opened in respect of Croatia, but there is a feel abroad that Croatia is, dare I say, the innocent victim of absorption capacity and the hurdles are being raised somewhat higher in respect of Croatia. Is this a view we share?

Mr Hoon: No, it is not. There is little doubt that Croatia has made remarkable progress in recent years and continues to do so and I think will be a member of the European Union reasonably quickly—without putting a precise timetable on it. Of course Croatia gets very strong support from a number of Member States, not least Germany, so I do not believe that Croatia’s ambitions have suffered. There are a number of key dossiers where Croatia has to make progress.

Q46 Lord Anderson: As for Bulgaria and Romania.

Mr Hoon: We set that out very clearly in the decision to admit Romania and Bulgaria. I am confident that Croatia will become a member of the EU, but they, like any candidate country, have to satisfy the terms of the negotiations in order to achieve the level required.

Q47 Chairman: Minister, perhaps you would say something about Macedonia, which was granted some status but seems to have moved rather slowly since the decision was made.

Mr Hoon: I hope I am not disagreeing too often with Members of the Committee but I was in Macedonia in November and, having been there on a number of previous occasions, I was enormously impressed by the political determination of the Government to make progress as well as some real signs on the ground of tremendous economic success. I think Macedonia is a real success story.

Q48 Chairman: I am sorry, I meant in terms of its candidacy.

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Mr Hoon: The decision you refer to is an indication of very significant progress. I think Macedonia has probably moved ahead of the Western Balkans pack, if I may put it in that way.

Q49 Lord Anderson of Swansea: The Copenhagen criteria in respect of the European Union and the political conditions in respect of NATO are broadly similar. The Riga NATO Summit accepted Serbia in the membership action plan although Mladic has not been arrested, yet the Stabilisation and Association Agreement in respect of Serbia has been suspended since, I think, May. Is there a contradiction here?

Mr Hoon: I do not believe there is. I have represented the British Government, together with the Prime Minister, at Riga. We looked at the various issues affecting Serbia. We judged that it was helpful for Serbia at this stage that they should be given the encouragement of a membership action plan as far as NATO is concerned. The arrest of Mladic has never been a condition. The condition has been that Serbia should cooperate fully with ICTY and that continues to be the position. I spoke to the Serbian President both before and after the decision taken by NATO. I was very pleased to see that he acknowledged, in his public response to our decision on the membership action plan, the continuing importance of Serbia cooperating with ICTY. Clearly we want to see that cooperation develop and continue.

Q50 Lord Anderson of Swansea: The fact is the same in respect of ICTY if it is deemed that Serbia has sufficiently cooperated with ICTY in terms of NATO yet not in terms of the EU. It is said that Solana wishes, after the elections in Serbia in January, to lift that embargo or that suspension of the SAA. Would the British Government view that with approval?

Mr Hoon: I have learned in politics never to anticipate decisions, at least not in public.

Q51 Chairman: The December European Council concluded that the security situation in Bosnia had evolved enough to permit the Council to decide in principle on a transition of the EU-led ESDP mission to Bosnia. I wonder whether you could say how far you see that happening and when you expect the Council to come to a decision on that matter.

Mr Smith: The process is that the decision to draw down EUFOR was taken, subject to confirmation of that decision next month, and we obviously support that decision. At present the view is that the presence of EUFOR has played a crucial part in stabilising the country, but at the moment it is not really needed at the levels it currently has and it can be reconfigured to operate in a different way with much smaller numbers. The local security forces are able to take over, along with EU help and police monitoring, many of the functions to support public order, so we

very much hope that the decision will be confirmed when it is reviewed next month. There clearly is a lot of work still to be done on political reform within Bosnia following the elections in October last year, but EUFOR itself is not considered at this point to be crucial to that set of political reforms.

Q52 Chairman: Even if there were more difficulties in Republica Srpska perhaps after discussions in Kosovo?

Mr Hoon: Well, we have always kept under very close review the level of our military presence. We have sufficient troops in the region to be able to respond to any sudden deterioration in the security situation. I am probably risking something by saying I do not anticipate such a response but nevertheless it is something that we keep under constant review.

Q53 Lord Anderson of Swansea: Clearly we face very shortly the Ahtisaari recommendations in respect of the future of Kosovo, and they are certain to mean an increase in EU engagement and a corresponding decrease in UN and US engagement, and that is going to be very expensive. Minister, can you say whether the EU is prepared in budgetary terms for what must be a pretty considerable additional burden as we seek to assist the new Kosovo?

Mr Hoon: It is important that we go on—this is not something that is sudden and different—supporting the development of effective administration in Kosovo. One of the things that I suspect was somewhat overlooked when troops first went into Kosovo was that there was a complete absence of any kind of administrative structure at all and that had to be built over a number of years. A lot of progress has been made but there are still some significant gaps, notably in the judicial area where long-term training and assistance is necessary. That funding will have to go on in order to ensure that Kosovo does not return to the state that it was in before.

Q54 Lord Anderson of Swansea: And it will mean substantial additional EU funding replacing in part from what comes from other sources such as the US?

Mr Hoon: I am not sure that it necessarily will involve significant additional funding but it will involve the EU in continuing to provide the kind of assistance that it has done in the past.

Q55 Lord Tomlinson: Concerning Afghanistan, we have been hearing about the steps that are being taken in relation to the poppy harvest, and yet the only thing that seems to be consistent is the growth in the size of the poppy harvest, so could you bring us up to date with Government thinking on how we are going to crack this problem?

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Mr Hoon: Firstly as far as the counter-narcotics programme is concerned, we have to go on continuing to support the Afghan police efforts. We do so in a practical way, both in terms of training, expertise on the ground, and also financial support for alternative livelihoods. I am equally disappointed that we have not made more progress but this is part of the longer term reconstruction of Afghanistan. I do not think we could expect this to produce the kind of results in the short term that perhaps the media in particular are looking for. We have got to go on looking at the wider picture of Afghanistan in order to see the problem of poppy-growing as an aspect of the need to rebuild administrative capacity and ensure that the government in Kabul's writ reaches right across the country. That is precisely why we have moved British and international forces into the South. It is part of the plan that we outlined not very long after we first went into Afghanistan. We always acknowledged that that would be more difficult in security terms and that those engaged in the production and manufacture of heroin would resist that presence in the way that they are doing.

Q56 Lord Tomlinson: In that gloomy situation, have the Government considered and if they have, have they taken any view on the sort of work that has been produced by the Senlis Council? It has been working in Afghanistan for some time, it is a well-known international charity, and they are proposing that in the light of the global shortage of opiates for medical use that there should be a system of licensing of crops, of purchasing crops under licence and directly supplying the proven shortage that there is of opiates in the European and other markets. Have you looked at that evidence and have you taken any view on that evidence?

Mr Hoon: I know that that has been looked at.

Q57 Lord Tomlinson: Even *The Economist* is coming round to supporting it this week.

Mr Hoon: There is no doubt that there are ways in which the legitimate requirement for opiates can be satisfied by Afghanistan. I would place just one reservation which is of course that the legitimate requirement is also met from other countries so it is not entirely a solution to the problem in Afghanistan. If that requirement were met entirely from Afghanistan, that would displace purchases from elsewhere where indeed other countries also have a similar sort of problem, so I think it is important to get a balance here.

Q58 Lord Tomlinson: The one point I would like, are the Government seriously looking at the proposal?

Mr Hoon: Yes.

Q59 Lord Tomlinson: And are they going to take a view about it because everything they have looked at for the last three years has failed?

Mr Hoon: What I am trying to do is to emphasise that this can only be part—

Q60 Lord Tomlinson: I understand that.

Mr Hoon: —It is not an entire solution to the problem.

Q61 Lord Crickhowell: Can I pursue the issue because one gets the impression, certainly when it is raised in this House in debates and so on, that for all the consideration it has as a solution been dismissed and that the general view is that we have got to go on wiping out the poppy crop. If you were a poppy grower in Pakistan you might think that was a pretty bad approach because your income was going to be removed. I cannot think of a way more guaranteed to drive local people into the arms of the Taliban than to wipe out a large source of income. The other obstacle put in the way of the scheme advocated by Lord Tomlinson is, "Oh well, if you do have this licence scheme probably all the control of it and so on will get into the hands of the warlords and others connected with the Taliban and not much of the advantage will actually go to the poppy-growers," but I would not have thought that that was entirely true and I cannot believe that it really makes sense when there are no easy, alternative crops to be quickly introduced to pursue a policy that seems to be designed to wipe out the main income of people uncommitted and to drive them into the hands of the people we want to defeat. Ought not this alternative therefore to be taken much more seriously than it appears to have been?

Mr Hoon: It is taken seriously for the reasons that I think Lord Tomlinson outlined. I do not believe that it is a complete answer to the problem. It is also important to recognise in Southern Afghanistan in particular that this is not about governance from Kabul as against the Taliban. This is about largely a group of determined we would call them criminals in the United Kingdom who are heavily armed, who have tremendous military resources, who will resist any kind of authority because it interferes with their criminal activities. The Taliban are part of that but it is not either/or. Indeed, I would place the emphasis on the criminality ahead of any ideological commitment to the Taliban. The truth is that people in the South resisted the Taliban because they also were a form of authority and what we have to deal with here are people of a criminal kind who have enormous resources available to them to resist British troops, Afghan troops, indeed any kind of authority. Trying to find a way through that, I agree that providing a legitimate opportunity for people to sell

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opium may well be part of the solution but it is by no means all of the solution.

Q62 Lord Hamilton of Epsom: The commitment of European nations to fight in Afghanistan seems to be, to put it mildly, rather patchy in terms of many nations do not seem to really want to get involved in fighting in the most serious areas such as Helmand Province. What ramifications has this got for future European defence identity and having a European army which we know is one of the ambitions of some people in Europe?

Mr Hoon: Obviously the UK Government would prefer for all military commitments in Afghanistan and elsewhere to be without caveats, but I think it is important to acknowledge and recognise, particularly if I may say so Lord Hamilton as a representative of a political party that has argued that all decisions on military commitments should be taken after a vote in Parliament, that these caveats are the consequences of constitutional arrangements in countries like Germany. The constitutional requirement in Germany is that there should be approval by the Bundestag. The Bundestag imposed certain restrictions on the deployment of German forces and the caveats are a consequence of that. As I say, the UK Government does not operate in that way, but there are a number of political parties represented in Parliament who have argued that we should and this is a consequence of that. The real question is whether we would prefer Germany not to deploy any troops at all to Afghanistan, which might otherwise have been the position, I am afraid my answer to that is not, but we would certainly like to see the caveats lifted.

Q63 Lord Chidsey: Just quickly returning to the implications for Afghanistan of wiping out the poppy harvests, for understandable reasons, can you tell us if there have been any discussions with our EU partners on a reaction to the proposal to basically destroy the poppy fields with weedkiller, Agent Orange, call it what you will, by the US as a means to accelerate the drug eradication programme?

Mr Hoon: I think there is general agreement that aerial spraying is not appropriate and that the way in which to deal with the crop is on the ground, and that I think is the broad approach that is now being adopted.

Q64 Lord Chidsey: Will that broad approach now be carried through not to destroy them by aerial spraying?

Mr Hoon: Certainly that is my understanding of what has been agreed.

Q65 Lord Chidsey: Minister, you mentioned earlier that this is a long-term problem in Afghanistan and absolutely that is the case. Can you give us any feedback on how the EU is looking at the economic development of Afghanistan at a time when we are moving from income from poppy fields on to a more soundly based Western-style economy? Can you tell us whether or not there have been any lessons learned from the way that development aid and infrastructure development in war-torn countries tended, in a way, to be diverted to using Western resources to help achieve those goals rather than actually investing resources in developing skills and in economy of the country concerned. The parallel of course is American contractors—bless them—in Iraq using ex-patriate labour rather than indigenous Iraqis to help develop the country. Can you tell us whether this has been taken into account in the Government's view with the EU of how Afghanistan might develop?

Mr Hoon: There is little doubt that the one aspect of Afghanistan that has been remarkably successful in recent years has been the improvement in its economy. Without going into detail, the way in which the economy in Afghanistan has grown, and I used some figures yesterday and I cannot remember them about recent growth rates, and they are very, very encouraging. The aid that has been provided appears to have been used successfully to build the kind of skills and capacity that Lord Chidsey has indicated, so that part of it is a success story. Indeed, going back to the debate about what is happening in places like Helmand, unfortunately, it overlooks the fact that in the North and indeed in the West of Afghanistan problems that people equally said could not be resolved have been resolved and the authority of the Government in Kabul runs there, and indeed tax receipts are flowing back to Kabul and allowing Afghans themselves to decide on how to spend their own money in developing their own economy, so there is some real success there which sometimes is overlooked in the inevitable attention given to the South.

Q66 Baroness Symons of Vernham Dean: Can we turn to the question of Iran, Minister. I suppose one could say that Jack Straw held the record for visits to Iran as British Foreign Secretary, together of course with his counterparts in France and Germany, and the efforts that have been made to try to negotiate with Iran over their nuclear capacity have certainly stalled. I suppose that is the kindest way of putting it in some respects. Whenever I travel to the Middle East, which is fairly frequently these days, I find the Arab countries of the Middle East every bit as concerned about Iran and in fact in some ways more concerned about Iran than they are about Iraq. I think they see Iraq as something that eventually will

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come right one way or another, but they are seriously worried about Iran's nuclear capacity, very particularly the Gulf States. It is the first topic on their agenda. I wonder whether you could in bringing us up-to-date—and I see you pulled a sceptical eyebrow when I said that perhaps this negotiation has stalled—with where you think we are on this discussion, which I think most of us have supported but about which there are some quite serious worries now.

Mr Hoon: I agree, I referred earlier to perhaps a change of emphasis in the Arab world. From my regular visits there in previous years, concern about Iran was somewhere on the agenda but low down, and I agree entirely that it has now become a very important issue for quite a number of Arab States, going beyond I think as well the Gulf States who always historically had some legal jurisdictional disputes with Iran, so it has become a significant issue. The reason I was slightly sceptical about the use of the word “stalled” was that of course the international community adopted the Security Council Resolution 1737 by consensus. It sent a clear message that the international community is united and determined to see Iran meet its obligations, and I think our view is that we want to see what response we will get from Iran now that that agreement has been reached and the Resolution passed. So I think the ball is firmly in Iran's court at this stage.

Q67 Baroness Symons of Vernham Dean: So in a sense we have migrated European policy into a UN arena and there is now a UN consensus around that.

Mr Hoon: And if I may say so, that was always the way in which we approached the negotiations, although the EU-3 played a significant part that was always both on behalf of the EU and indeed respecting the views of the wider international community. I would have preferred to see Iran respond beforehand but given that Iran has not done so, sadly, the resolution is the logical conclusion of that process given the failure of Iran to co-operate.

Q68 Baroness Symons of Vernham Dean: Iran is a very big, important country in the region. It is quite distinct from the Arab nations. It is a country that is very populous, with a well-trained army, a very distinct view of itself and a very long history. Some people might say that the idea that Iran would have to go cap-in-hand to other countries for enriched uranium was always one that was bound to fail, given that sort of approach, but the IAEA's proposal that they hold a bank on behalf of the countries who may be wanting enriched uranium for the purposes of energy production is one that I think has caused a lot of political interest, not just here but in other countries as well. We have got Saudi Arabia, the Emirates, Morocco and Tunisia all talking about

wanting enriched uranium for energy production in the future. What is the EU's view on the IAEA proposal that this bank of enriched uranium should be held?

Mr Hoon: The EU's view is set out in the UN Resolution and I think at this stage it does not help to try and depart from the terms of the Resolution. The Resolution sets out very specific, targeted sanctions against Iran that will be implemented, and I do not think it is helpful at this stage for the EU, or indeed any other country, to depart from what is a very clear and agreed international position.

Q69 Baroness Symons of Vernham Dean: I absolutely understand that in terms of Iran particularly but the question was slightly different insofar as we are talking about here the IAEA specific proposal that as a sort of double track there is this bank of enriched uranium held and that countries that want to pursue a nuclear energy policy are able to go to that internationally held authority's bank of uranium, and this would apply equally to countries such as Saudi Arabia and the Emirates who have also said that they want to pursue that in the future.

Mr Hoon: In a broader sense obviously the EU is looking at that and it will be something that we will consider in due course. I simply do not want any suggestion that we are any way departing—and when I say “we” I mean the EU—from the terms of the Resolution. It is very, very important that that agreed international position, which after all took some doing, is not qualified in any way. David, I do not know if you want to add.

Mr Quarrey: The IAEA had its report in 2005 and some Member States have put in proposals and EU experts through the first quarter and the first half of this year will be looking at that with a view to the EU forming a position on it, so there are proposals from Member States rather than the IAEA itself which set out the general concept. I think the other important thing to remember is that the EU's offer which was put forward in July last year gave Iran everything it needed for a civil nuclear industry. So the lack of access to domestic production of enriched uranium is no justification for the course of action it has or has not taken since then because the proposal gave them everything they needed.

Q70 Baroness Symons of Vernham Dean: I do not think there is any argument over where we stand on Iran. The UN is absolutely clear. The question I am asking is there is the day after tomorrow to consider in terms of other countries who want to go the same way, who are watching very anxiously what happens, and we have to find a long-term solution to this. Are these proposals about holding a bank of fuel which could be drawn down upon by countries that you feel

10 January 2007 Rt Hon Geoff Hoon MP, Mr Anthony Smith and Mr David Quarrey

the EU is likely to rally around because I think a lot of people think they are rather sensible proposals?

Mr Hoon: There are a number of ideas around and certainly the EU will be considering them. I think the idea is to give a response next spring/early summer.

Q71 Baroness Symons of Vernham Dean: This coming spring, spring 2007?

Mr Hoon: Yes.

Chairman: Those of my colleagues who were not here at the beginning will not know that we are releasing the Minister at noon but Lord Hamilton you have a question very quickly.

Q72 Lord Hamilton of Epsom: I thought that weapons-grade uranium was part of a waste product of enriched uranium produced in a civil power system, so you do not necessarily rule out the making of nuclear weapons merely by issuing enriched uranium for use in power stations, do you?

Mr Hoon: I think that is one aspect of why it is necessary for us to look very carefully at these ideas in order that we do not run that risk. David is more knowledgeable about these things.

Mr Quarrey: It depends on what happens to the spent fuel and what sort of monitoring processes there were.

Q73 Lord Hamilton of Epsom: We create our weapons-grade uranium out of spent nuclear fuel, do we not?

Mr Quarrey: Indeed.

Chairman: Minister, can I thank you and your officials for having really given us such a full set of answers. We have not quite completed the questions we would have liked to have asked you but we have really much appreciated the time you have given and your very helpful answers. We look forward to staying in touch with you both by correspondence and indeed hope we will see you again before too long when we are pursuing these matters again.

Lord Tomlinson: My Lord Chairman, can we have a written reply to the two questions?

Chairman: There are two questions, one on battle groups and one on the Moldova and Ukrainian border.

Lord Tomlinson: One is a factual one and one is about the border between Moldova and the Ukraine.

Chairman: Thank you very much.

Letter from Geoff Hoon MP, Foreign and Commonwealth Office

EVIDENCE SESSION WITH SUB-COMMITTEE C, 10 JANUARY 2007

Thank you for giving me the opportunity to address the Committee last week. I found it both useful and stimulating. This letter aims to cover the outstanding points from that session.

BATTLEGROUPS

As the Committee has identified, the UK has committed itself to providing one of the two EU Battlegroups due to be on standby in the second half of 2008. The Government will of course have to take into account circumstances at that time, but despite the complexities and evolving nature of our other ongoing commitments, we remain confident that this standby commitment can be fulfilled.

MOLDOVA-UKRAINE BORDER MISSION

The current mandate of the EU Border Assistance Mission expires in November 2007 and any decision to extend the mission will be taken on the basis of a formal request from the Ukrainian and Moldovan authorities. However, whilst both sides continue to express full support for the mission, there has, as yet been no formal application to extend it. It is therefore not possible to say at this stage whether the mission will be extended.

The Government's view of the EU Border Assistance Mission is that it has proven to be a success and an excellent example of the EU making a practical contribution to a resolving a difficult dispute.

MIDDLE EAST PEACE PROCESS

Lord Tomlinson asked for an estimate, in percentage terms, of the EU's contribution to the Palestinian Administration Areas. Unfortunately we do not yet have the figures for all of the declared¹ donations for 2006. However, in 2005 the total contribution of the EU Member States and the EU Commission was roughly 43 per cent (approximately £260 million of £606 million total declared donations). In 2006, the total contribution of the EU Member States and the EU Commission was approximately £450 million.

¹ NB some Arab states do not declare all of their funding to the Palestinians, and so we can only calculate declared contributions.

IRAN

The Committee asked about a *Financial Times* article on 9 January headlined “Europe and the US seek to raise pressure on Tehran in wake of UN resolution”. The article speculated that the EU might implement measures against Iran beyond those required by UN Security Council Resolution 1737.

The EU is planning to give effect to the provisions of SCR 1737 through a Common Position and Regulation, consistent with its practice in relation to other sanctions regimes. Member States and the Commission will be discussing the contents later in the month. There are certainly precedents for the EU implementing measures beyond those agreed by the Security Council. But I would not want to pre-empt the outcome of those discussions. Although this is a fast-moving issue, we will of course keep the Parliamentary Scrutiny Committees informed of developments and deposit the proposed Common Position and Regulation once these become available.

The *Financial Times* article also discusses whether Iran will meet its obligations. Iran has not yet responded formally to the Resolution. In Resolution 1737, the Security Council asked the International Atomic Energy Agency Director-General, Dr Mohammed El-Baradei, to report within 60 days on Iranian compliance. It will then review the situation. The Security Council has made clear that it will impose further measures if Iran has not by then complied. It has also agreed to suspend the implementation of measures if and for as long as Iran suspends all uranium enrichment related and reprocessing activities.

SOMALIA

The Committee asked about the EU’s position on the situation in Somalia. The EU supports the position of the International Contact Group on Somalia, as set out in the Contact Group’s Communique from its meeting in Nairobi on 5 January 2007 (enclosed). EU Foreign Ministers will be discussing the situation in Somalia at the General Affairs and External Relations Council on 22 January 2007, where we anticipate that the Council will set out the EU position in greater detail.

Geoff Hoon

17 January 2007

Memorandum by The International Contact Group on Somalia

The International Contact Group on Somalia met on 5 January 2007 to coordinate international efforts to foster stability, security, and reconciliation in Somalia. There is an historic opportunity for the Somali people to reach sustainable political solutions for Somalia based on the framework of the Transitional Federal Charter. The Contact Group confirms its readiness to provide immediate support for the stabilization of Somalia based on United Nations Security Council (UNSC) Resolution 1725, the effective functioning of the Transitional Federal Institutions, and to provide immediate humanitarian and development assistance.

The Contact Group welcomes the commitment of President Abdullah Yusuf to inclusive governance and his determination to prevent a resurgence of warlordism made at today’s meeting. The Contact Group believes that, if international support is to be effective, it is essential that an inclusive process of political dialogue and reconciliation—embracing representative clan, religious, business, civil society, women’s, and other political groups who reject violence and extremism—be launched without delay. In particular, the Contact Group further believes the move of the Transitional Federal Institutions to Mogadishu and the establishment of a representative local administration in the capital will be important milestones.

The Contact Group emphasized the urgent need for funding to facilitate the deployment of a stabilization force in Somalia based on UNSC Resolution 1725. The Contact Group welcomes Uganda’s offer to deploy forces to Somalia as part of this stabilization force and the upcoming mission of the Foreign Minister of Kenya, on behalf of the Intergovernmental Authority on Development (IGAD), to explore additional troop contributions. To establish local-level stability throughout Somalia, effective Somali security forces, including a civilian police force, must be quickly developed. The Contact Group notes the important role of the United Nations in facilitating longer-term reconstruction and stabilization in Somalia.

As a demonstration of solidarity with the Somali people, the Contact Group reaffirmed its commitment to continued provision of humanitarian assistance. The Contact Group urges the international community to provide immediate concrete assistance to the Transitional Federal Institutions to strengthen the key institutions of governance, including in the security sector, in their efforts to implement the Transitional Federal Charter. The Contact Group appreciates the key role played by non-governmental organizations and civil society. The Contact Group also welcomed the emerging Reconstruction and Development framework and agreed that a donor’s conference should be convened in due course to respond to that framework.

The Contact Group appreciates the constructive role of Kenya as chair of IGAD, as well as the Arab League and the African Union, in promoting and supporting the peace and reconciliation process in Somalia. The Contact Group agreed to convene its next meeting in Dar es Salaam, Tanzania.

Agreed in Nairobi on 5 January 2007.

The International Somalia Contact Group includes the European Union (Presidency and European Commission), Italy, Kenya, Norway, Sweden, Tanzania, United Kingdom, and the United States, with the African Union, Intergovernmental Authority on Development (IGAD), League of Arab States, and the United Nations.

2 May 2007

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