



HOUSE OF LORDS

European Union Committee

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28th Report of Session 2007–08

**Evidence from the  
Minister for  
Europe on the June  
European Council**

Report with Evidence

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

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# Evidence from the Minister for Europe on the June European Council

1. It has been the Committee's practice in recent years to hear evidence from the Minister for Europe after each European Council.
2. Accordingly, the Committee heard from Jim Murphy MP, the then Minister for Europe on 15 July 2008 to discuss the outcomes of the European Council held on 19–20 June 2008. In this report we make available for the information of the House the oral evidence received from the Minister.
3. The Minister subsequently wrote to the Committee providing further information on a number of points raised during the evidence session and this is also included in this report.
4. The topics covered in the evidence printed below are as follows:
  - The Lisbon Treaty (QQ 2–6, 8)
  - Scrutiny of JHA Opt-In Decisions (Q 7)
  - Biofuels (Q 9)
  - GMOs (QQ 10–12)
  - Carbon Capture and Storage (QQ 13–16)
  - International financial instability (QQ 17–19)
  - Doha Round (Q 20, 24)
  - Trade Commissioner mandate (QQ 21–23)
  - Enlargement (QQ 25–29)
  - Immigration (QQ 30–31)
  - Millennium Development Goals (QQ 32–34)

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

### *Session 2007-08*

Priorities of the European Union: evidence from the Ambassador of France and the Minister for Europe (24th Report, Session 2007–08, HL Paper 155)

The Commission's Annual Policy Strategy for 2009 (23rd Report, Session 2007–08, HL Paper 151)

Priorities of the European Union: evidence from the Minister for Europe and the Ambassador of Slovenia (11th Report, Session 2007–08, HL Paper 73)

The Treaty of Lisbon: an impact assessment (10th Report, Session 2007–08, HL Paper 62)

### *Session 2006-07*

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

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

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

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

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

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

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

EU Reform Treaty: work in progress (35th Report, Session 2006–07, HL Paper 180)

Remaining Government Responses Session 2004–05, Government Responses Session 2005–06 (37th Report, Session 2006–07, HL Paper 182)

Correspondence with Ministers January–September 2006 (40th Report, Session 2006–07, HL Paper 187)

# Minutes of Evidence

TAKEN BEFORE THE SELECT COMMITTEE ON THE EUROPEAN UNION

TUESDAY 15 JULY 2008

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Present	Cohen of Pimlico, B	Maclennan of Rogart, L
	Dykes, L	Powell of Bayswater, L
	Grenfell, L (Chairman)	Roper, L
	Harrison, L	Sewel, L
	Howarth of Breckland, B	Tomlinson, L
	Jopling, L	Wright of Richmond, L
	Kerr of Kinlochard, L	

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## Examination of Witnesses

Witnesses: MR JIM MURPHY, a Member of the House of Commons, Minister of State for Europe, and MR ANANDA GUHA, Foreign and Commonwealth Office, examined.

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**Q1 Chairman:** Minister, thank you very much indeed for joining us to discuss the results of the June Council. We are being broadcast and you will of course be receiving the transcript, as you know. Welcome also to Ananda Guha; it is very nice to see you here, sir, too. Would you like to make an opening statement, or would you like to go straight to questions?

*Mr Murphy:* My Lord Chairman, I am delighted just to go straight to questions. If it is not considered impolite, I am happy to do so.

**Q2 Chairman:** That is fine, and I know that has been your customary approach to our meetings, to go straight to questions, so we are happy to do so. Let us get the ball rolling. Of course you will not be surprised to know that we are interested in the post-Irish referendum situation. What are the options now? Have you got anything that you can say to us about where we go from here?

*Mr Murphy:* I think there are a number of publicly floated, speculated scenarios, contortions and possibilities, none of which is helpful to the Irish government at the moment as it reflects on its way forward, so, certainly on a reading of the kind of moderate balance to be taken on this issue, I think a number of commentators see that there is a variety of ways ahead. Perhaps I could just reiterate the Government's policy on this, that, first of all, we still believe that the Lisbon Treaty is an important and good Treaty for the UK, it is in our national interest and we think it is in Europe's interest, but the people of Ireland have taken a different view and, as the Foreign Secretary said, we have to reflect on the decision taken by, and judgment of, the Irish people. The Irish government have themselves at the European Council asked for more time to reflect on the way ahead, but we are pretty clear, as Her

Majesty's Government, that we do not wish to, or not that we do not wish, but we will not support the reopening of the Treaty text, so with those kinds of parameters, I think, your Lordships can then speculate as to what options are left open, but we have no intention of reopening the Treaty text and re-ratifying this through this process.

**Q3 Chairman:** I am assuming that, if the mooted option of some declarations to reassure the Irish people at some stage, and, one assumes, not too soon, came to reality, this would not call for any reopening of the Treaty itself, they could simply be attached and they would carry no legal base, but they would be strong political statements which could be helpful?

*Mr Murphy:* That is right. We are open to whatever reasonable suggestion the Irish government wish to make which would not require the UK Government to reopen our processes, so I think on the Nice Treaty, for example, the declaration on neutrality was considered necessary and helpful, so that type of thing may be one possibility, but I just wish to underscore again to your Lordships that the starting point of this, our starting point, put colloquially, is that, whatever the solution, it has to be seen to be made in Ireland and any solution that is identified as from London, Paris, Berlin or any other European capital, I think, would be entirely counterproductive, and that is the tone that we have tried to set. I am pleased that, almost universally, that has been the tone that has been followed across all of the other 26 European capitals.

**Q4 Baroness Howarth of Breckland:** There are obviously, Minister, a number of contentious issues within the Treaty, but, at its core, it was the reorganisation that enabled the Commission and the Union to work with a much larger number of

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countries than before. Can you see what difficulties there are going to be now that that reorganisation is not possible, and whether or not there are other ways of making sure that the management of Europe is improved?

*Mr Murphy:* I think this issue of enlargement and the consequential reorganisation because of enlargement was perhaps about the only issue of actual Treaty content that was a part of the debate on the Irish referendum, which was about Ireland losing its Commissioner. The fact is that we are going to have to address the number of commissioners anyway, with or without a Lisbon Treaty, and there was the commitment, as your Lordships are aware, to already do so. The question is: can Europe continue to function at this size or even a larger size with, as the UK Government continues to support, the continued expansion and accession? I think nowhere near as effective as it could have done if Lisbon were passed, but we have not given up on Lisbon, I think we have paused in this process. Now that 21 countries have concluded their parliamentary processes, so the vast majority, we continue to believe that the European Union could be much more effective, except primarily externally, with a smaller Commission, an end to the rotating Presidency, the much closer working relationship with the External Action Service, the High Reps and the Commission. All of that makes the European Union Council a much better actor on the world stage, particularly at a time of change in the US, renewed confidence in Russia and a re-emergence of China and then the remarkable and positive development of greater confidence in South Africa, Brazil and other countries, so I think externally the work of the European Union is the particular kind of difficulty we face if we do not pass the Lisbon Treaty, but, if the Lisbon Treaty is not given effect, we just have to live with the structures that we have, albeit with their inherent structural inefficiencies of this rotating Presidency, in particular.

**Q5 Lord Dykes:** Thank you, Minister, for your words so far. In the analysis which the Irish have been doing themselves on the referendum result, one is struck by the fact that most of the factors really referred to by the respondents are non-Treaty, non-European matters, but they are really to do with all aspects and formats of Irish politics and the problems there and so on, plus the overall economic situation in our part of Western Europe, so your reference to the idea of some 'protocolaire' addition might be the way forward, subject to the Irish deciding income tax is their business, as you quite rightly said, rather than a tremendous upheaval. Do you feel that is the way forward, depending on how they gradually unravel that analysis?

*Mr Murphy:* I think Lord Dykes makes an important point which is that it is difficult, I think, to accurately grasp why the result ended up the way that it did, and I think it has often been just important for them to question the judgment of the electorate. They made their decision because they made their decision and the Irish government are now trying to understand it, but, somewhat like your Lordships, I have watched the debate in Ireland very carefully. My family are all from Ireland and I spoke to family in Ireland and tried to persuade them to vote. I thought that was a tolerable level of external interference on the telephone to family members! They said, "I don't understand all of it, but, if you are asking me to do so, then okay". I said, "Yes, it'll be pretty embarrassing if you don't do it"! The Irish government are now trying to get a greater granular understanding as to why it happened, so, watching from London, when the 'no' campaign perhaps predictably, but, nevertheless, very effectively puts up the story about the threat to Irish neutrality, Irish taxation and abortion, in particular, then it is difficult, and it is for the Irish government to suggest the way forward, as we keep saying, but it is difficult to get a declaration on an issue that is not contained within the Treaty, and that is a difficulty we would be in, but we are looking forward to the Irish Government and the Taoiseach coming back in October with initial recommendations and perhaps with some agreement on the way forward at the December Council.

**Q6 Lord Tomlinson:** Minister, I am just reflecting that if only you had a bigger family! As we are stuck with the Irish referendum, as it is, do you consider that there are any parts of the Lisbon Treaty provisions, and you have mentioned many of them that are entirely desirable, and we would think particularly perhaps of the role of national parliaments, which can be applied, whether legally or in spirit, despite the possible failure to ratify the Treaty within the prescribed timescale? It is the sort of salami-slicing of the Treaty to take bits of it which could be introduced by consent.

*Mr Murphy:* First of all, as I reflected earlier, we have 21 who passed the Treaty and I think an increasing number are formally ratifying it, and it is our intention to continue doing that and I suspect that we will conclude that work over the next couple of days, that ratification process. In terms of salami-slicing, we have said that to speculate about that in advance of the Irish suggesting a way forward, we think, would be unhelpful, but our general posture is that we are not interested in salami-slicing or cherry-picking. There is a discussion evolving as to whether we rely on the existing Nice Treaty or whether we try and take something out of Lisbon and put it into Nice, the existing Nice processes, and call it the kind

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of dreadful parlance of “Nice plus” or whether we wait for an accession treaty most likely for Croatia next or whether we do “Croatia plus”. Our general view is that the Lisbon Treaty was a package and we do not wish to unpick it and then to seek to renegotiate elements of the Lisbon Treaty through the Croatian accession process or decouple parts of it and bolt them on to the existing Nice arrangements. We think that they are relatively incongruous, some of the ways forward that are being suggested, so, for the time being certainly, we are wedded to the Lisbon Treaty to try and implement it in full, which is why we will ratify it.

**Q7 Chairman:** As you know, we debated at great length in this House, and I think it was debated also in the other House, the question of the JHA opt-in decisions and how Parliament was going to hold the Government to account on these. I know that you told the House of Commons Scrutiny Committee, and I have it in a letter from the Leader of our House, that this was specifically linked to the changes introduced by the Lisbon Treaty pillar collapse and that it would not be appropriate to decouple these opt-in-specific scrutiny arrangements from the Lisbon Treaty and introduce them for existing treaties. Now, the fact of the matter is that opt-ins are already part of the game and we are wondering, since the arrangements that were agreed in the House for enhanced scrutiny of opt-in decisions was a matter for the House and that they could stand, in our view, independently of the Lisbon Treaty, why it is that you are so anxious not to allow or, rather, you are against the two Houses introducing enhanced methods of scrutinising opt-in decisions, which we already have, although there are very few, in the absence of the Lisbon Treaty?

**Mr Murphy:** Well, your Lordship, our view is that, first of all, we always have to continue to find new ways to hold the Executive to account on European business, and I think I have perhaps reflected on that in my first opportunity to be with you shortly after becoming the Minister for Europe, and that is borne of an experience serving on standing committees in the Commons for three years, the European A, B and C standing committees, which I did not think was proper scrutiny, it was scrutiny which, in the end, was not sufficient, so we do have to find better ways and continue to find better ways. The issue with the specific proposals in the Lisbon Treaty in terms of the yellow and red cards, subsidiarity issues and the JHA opt-ins is that, first of all, it is captured by this continuing posture of not decoupling or cherry-picking the Lisbon Treaty on the basis that, I think, if we were to start doing that, other European capitals may start to do different parts and create a different chemistry around the expectation of the Treaty being implemented. Very quickly, I think, the

argument would be allowed to grow that London, the UK Government, has accepted the demise of the Treaty, which we have not, it is up to Ireland to suggest the way forward, and that, as proof of the acceptance of the demise of the Treaty, we have started to implement parts of it on the fringes in terms of the powers of Parliament. However, we do accept there are further ways in which we should enhance the scrutiny of European business. On the specifics on JHA opt-ins, you are of course right that there are existing opt-ins, but our offer, if you like, and that is clearly put of course by our other approach here, was that, as your Lordships are aware, because of the collapse of the Pillar, the move of Pillar 3 to the community method, the kind of decision-making process around Pillar 1 was so substantially different on these JHA issues that we thought that a move to QMV away from unanimity required giving Parliament additional powers and protections, so additional powers and protections were offered in the context of the pillar collapse and the community method, even though we retain our opt-in/opt-out arrangements at the point of transition. Therefore, I agree with the Leader of the House that that opt-in scrutiny process which has been identified was part of a package around the general change, and we do not want to speculate at this time, because we consider the Lisbon Treaty to be very much alive, the contingency measures if the Lisbon Treaty is not implemented in full.

**Chairman:** Well, I think that, as long as the door is still open for us to enhance our scrutiny of opt-ins, that is all right because we did note in our impact assessment of the Lisbon Treaty that no such arrangements existed for scrutinising opt-ins, and we thought that the results of the debates in the Chamber, which involved the Constitution Committee, our own Committee here and the Government of course, came up with a very reasonable solution to this which did not involve affirmative resolutions with enhanced scrutiny. Anyway, I raised this point because I was not terribly happy with the wording which suggested that nothing could be done on this because it was linked to the collapse of the pillars when in fact the opt-ins already do exist. Anyway, we will leave it at that for the moment.

**Q8 Lord Powell of Bayswater:** Just briefly on the more general point, I understand entirely, Minister, what you say about the Government’s attitude to Lisbon now, but can you reassure us that some serious contingency-planning is being done in the Foreign Office in the event that the Irish ‘no’ stands? I quite see you will not want to say what it is, but can you tell us that definitely contingency work is in hand?

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*Mr Murphy:* We are working pretty hard on all of the different scenarios and, as your Lordship has reflected, it would be unhelpful on all sorts of levels to discuss or air that publicly. It is our responsibility to look at all of these options and these are options we looked at in advance of the Irish ‘no’ vote in case it was someone else that did not ratify, but our position at the moment is very strongly that Lisbon is a package and we do not want to unpick it. One consequence perhaps which your Lordships may find helpful for me to share with the Committee, and I have already shared it with the Commons Committee, is that it is as a consequence of the ‘no’ vote in Ireland that one of the things we did, and this was announced of course by the Prime Minister in the Commons, was that our work on the External Action Service has now been suspended on the basis that that was a substantial amount of work and a substantial amount of planning on capacity, on Civil Service transfers, on secondees and all of the work that would go with the External Action Service, and, on the basis of the Treaty at the moment, implementation has been delayed or suspended. We thought it was only right to respond to the Irish referendum and postpone that work until such time as either the Irish suggest a way forward generally on the Treaty or until such time as the French, as the new Presidency of the EU, suggest a way forward on the External Action Service, so it is important to acknowledge that that work has now stopped within the Foreign and Commonwealth Office.

**Q9 Lord Sewel:** Can we go on to high food prices, which is perhaps of more immediate concern to some people. In the Conclusions, there was reference to biofuels and the importance of the sustainability of biofuels, which of course there are certain question marks about. We have had the Gallagher Report, which again mentioned the connection between biofuels and the impact they have on food prices. Where do we stand? What is our policy position in Brussels on biofuels?

*Mr Murphy:* Our general policy position is to take a relatively cautious approach. If there were a spectrum of opinion, from ambitious/adventurous to cautious, we would be on the more cautionary wing of that spectrum.

**Q10 Lord Sewel:** A very sensible position to be in! In the same sort of context, GMOs, it made no reference to GMOs in food production in the Conclusions. What is our own thinking of GMOs, do we support them, our own thinking internally, but our own thinking in relation to Brussels because at the moment it is particularly the Council that is in a bit of a mess on GMOs?

*Mr Murphy:* On GMOs, it may be a cliché, but it is nevertheless, I think, a fair way to summarise our position, that we will be led by the science. We think there are undoubtedly long-term benefits to GMOs, undoubtedly, but there has to be improved reassurance about the safety and the unintended consequences, and that is the work that we are going through with the Council and other partners in the European Union, but, in principle, we think there are potentially great benefits. Now, I hope your Lordships do not think it is disrespectful to offer such a short answer on biofuels, but what I mean by “cautionary” is that as much effort as possible into sort of stage two, stage three biofuels, arid, semi-arid, and then the stage three, level three-type would be algae and investment in that sort of research.

**Q11 Lord Sewel:** Do not worry about short answers; I am all in favour of short answers, especially when I agree with them! Can we have a bit more on GMOs because I think the sort of formal Council position is to be led by the science and that is clearly not what is happening all the time, so how can we improve really the performance and consistency of the Council?

*Mr Murphy:* I think another short answer in that spirit would be speeding up the GMO approval process; it is far too slow at the moment. The process and the time-line for approval is inordinately long. There is also, I think, some proof of again unintended consequence and this zero-tolerance approach to the import of GMOs, I think, leads to risk-averse importing. Now, it is fundamentally important that there is transparency in terms of the source of imports, particularly on cattle feed and others, but this zero-tolerance, in the absence of absolute certainty on some aspects of the science, is the correct approach, but it nevertheless leads to a kind of risk-averse importing policy which, I think, is unhelpful. In general, the main point is to speed up the GMO approval process; I think that would help.

**Chairman:** I hope that can be done, but my impression is that those who are in favour of GMOs say that all those assurances have already been given on a scientific basis and those who are against it will never agree that, so there is this feeling that the debate will go on and on until somebody puts their foot down and says, “We will now make a decision on this”.

**Q12 Lord Jopling:** Can I make a comment, first of all, on GMOs, that the Commission have a history of ignoring the science and playing the politics, and I am thinking of the situation we had when I used to go to the Council of Ministers years ago over growth-promoting hormones, which were abolished totally against the science and purely for political reasons within the Community. Going back to food prices, was there a recognition that the rather hysterical

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comments which were made about food prices a few months back really no longer apply? If you take the case of UK agriculture, I think I am right in saying that, of last summer's harvest, 60% was sold forward for less than £100 per tonne, which is priced probably less than the cost of production, and all the hysterical comments a few months ago came when the price went up to £200 per tonne temporarily and of course the price is now today, I guess, £130/135 per tonne, really much less than when there was all the hysteria. Was it acknowledged that really the situation is not as bad as it looked as though it was going to be four or five months ago?

*Mr Murphy:* I am not sure if that is what was acknowledged, Lord Jopling. What was acknowledged and what is increasingly acknowledged, and I do not know if this would meet with Lord Jopling's assessment, is that this problem we have on food and fuel, in particular, it is not a cyclical problem, it is a structural one, and it is not based on speculation, it is not based on the behaviour of equity speculators or otherwise, but it is entirely a global disconnect around demand and supply. That is this Government's assessment and it is one that is increasingly shared by others. I am not sure if the specific set of analyses that Lord Jopling is offering was discussed in any great detail, although I would simply reflect that today's inflation figures show that the food and non-alcohol drink price increase has far outstripped the average inflation rate as published today.

*Lord Jopling:* I should have made clear that I am a producer of wheat.

*Chairman:* It is important you declare that!

**Q13 Lord Maclellan of Rogart:** Minister, in all the discussions of the Council on climate change, which have followed from Hampton Court on, there has always been a caveat about the fuel choice being a matter for the sovereign Member State. On this occasion, it appears that the British Government indicated to the Commission that they might take a lead in bringing forward an incentive mechanism for carbon storage and capture. Does this reflect any view about the competence of the Union in this field and, secondly, what sort of an incentive did the Government have in mind?

*Mr Murphy:* I do not think it reflected a change in competence because that is a whole other question, but what we have in mind of course is the commitment to have these 12 carbon capture and storage plants by 2015, and the fact is that it takes perhaps five years, I think, to actually commission, build and have one of these plants operational. On the basis that we have not got any up and running really, the UK Government basically has accepted its responsibility to help fund one of these plants, and I think the figure that is often quoted is that it would

cost about £700 million. There are nine bids currently in, bids in terms of the operation of the UK plant, and we are determined to make progress on it because I sense that, if there is not that degree of European leadership, it is remarkably difficult to move China or persuade China, parts of the United States and others, so that is why we have basically forced the pace on this carbon capture issue by doing that.

**Q14 Lord Maclellan of Rogart:** Sorry to come back to the issue of competence, but whose responsibility is it? I do not quite understand what the approach to the Commission was about.

*Mr Murphy:* Well, there is agreement and the European Council has agreed unanimously to have 12 of these plants and we have simply stated that we wish to invest in one of these plants in the United Kingdom and be amongst the first to do so. We think it gives us a competitive advantage and I do not think it throws up issues of competence in the way in which some have suggested. Perhaps we could reflect on it this way very briefly, that I was in the US last week at the launching of *Public Diplomacy*, a Foreign Office publication, but I also took the opportunity with the Utah senator, a state that is nearly 90% reliant on fossil fuels and dirty fossil fuels, and I simply take the view that, if the United Kingdom was to lead the way on this technology, there is a global market for us to exploit and that is the opportunity that we are seeking to exploit, so it is not an issue of competence, but it is an issue of determination to make progress. If we are going to meet this 2015 target on these 12, colloquially put again, we have got to get cracking.

**Q15 Lord Maclellan of Rogart:** But then is it wrong that the British Government did not ask the European Commission to bring forward an incentive mechanism to deal with this issue?

*Mr Murphy:* In terms of the incentive for governments or the incentive for business to do the right thing on carbon capture?

**Q16 Lord Maclellan of Rogart:** I am just asking what the Government's position was vis-à-vis the Commission. Maybe it would be easier to provide a note, I do not know.

*Mr Murphy:* If your Lordships would find that helpful, I would be happy to do so, but the approach to colleagues in Europe is about saying that we are willing to play a leading role in this technology. There are three stages of technology, as your Lordships are aware, and at least 12 plants are essential to get the framework right, and the UK will basically be in a position to place one of these plants in the United Kingdom and that is our intention. Of course, if your Lordships would find it helpful for me to provide a note about the incentives around carbon capture and

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storage either for Member States or for businesses, I would be happy to do so.

**Chairman:** That would be helpful. I am afraid we do have to move on and thank you very much indeed, Minister, for that helpful offer. We come now to questions of international financial instability and high inflation rates.

**Q17 Baroness Cohen of Pimlico:** What were the European Council discussing in terms of the current international financial instability which was largely caused by high oil prices? How did the discussion go?

**Mr Murphy:** Well, there has been acknowledgement, different levels of acknowledgement, about this disconnect between demand and supply, particularly on fuel. There was an acknowledgement which led to a number of suggestions about better co-ordination between states that supply and states that are net importers of fuel in terms of demand, a renewed commitment to some of the things we have just spoken about, carbon capture, energy efficiency and much more, and acknowledgement that the European Union has a responsibility to poorer countries in this global context and a realisation, I think, that this volatility is structural, as I have already alluded to, but the main thing is a greater realignment of demand and supply in global energy markets, and that would be the main conversation in the Council, so the contaminating effect on other prices that the doubling of fuel prices has had would be the primary discussion.

**Q18 Baroness Cohen of Pimlico:** Did they talk about high inflation rates?

**Mr Murphy:** Not per se in terms of trying to set, and have a conversation about, a preferred European level or rate or the optimum European level or rate because, as Lord MacLennan raised the issue about competence, that then would of course raise issues of competence, so not in the context of the definition or the economics of inflation, but certainly the causes of inflation in terms of food and fuel, absolutely, but not on the economics of inflation per se.

**Q19 Lord Dykes:** The agony now confronting the central banks and governments too is about whether inflation is more important or the recession is more important because it is inflation across the board in terms of statistics and the press exaggerate, so, if it goes up from 3.7 to 3.8, they use the verb “soar”, and I love the way the newspapers in Britain and elsewhere do that, whereas the recession in the physical economy is perhaps limited in certain sectors and so on, particularly housing and the other things, and people are not really quite sure what is going to happen. The European Council must have alluded to these matters and, although you said there was not time for a substantial discussion, did they begin to

reach any conclusions about supporting the ECB, the European Central Bank, in their strategy because the Bank of England has made a straight move towards the European Central Bank and there is agreement that inflation is a problem?

**Mr Murphy:** I think this debate about the European Central Bank was one that was particularly lively perhaps three or four months ago with President Sarkozy offering his assessment of the behaviour of the European Central Bank, but the aggregate view of European leaders is that the European Central Bank strategy is the right one and that it should be allowed to go on to deploy that strategy free from unhelpful, high-profile comments. In terms of the specifics on inflation and the Central Bank, recession versus inflation, all those sorts of issues, the conversation really was not framed in those contexts. I think the starting point of the conversation was from the basis of what the citizen was feeling, the consumer, the person putting the petrol in their car, the person doing the shopping, or the person trying to buy or sell a house. It was that context that was usually the process or the prism through which European leaders had the conversation rather than the role of the ECB.

**Q20 Lord Kerr of Kinlochard:** Minister, I am addicted to European Council Conclusions texts, and I am sure Lord Powell of Bayswater is too: we wilt when we have not seen one for three months. This is a particularly good Conclusions text, containing lots of very good paragraphs, like the one on the ninth meeting of the Conference of the Parties to the Biological Diversity Convention or the one on the Pilot Mobility Partnerships with Cape Verde and Moldova. The odd thing is that there is no paragraph about the Doha Round. There is a reference to the Doha Round, which is my candidate for the bit the Brits managed to slip in: it is a passing reference in paragraph 35, which is one of the many paragraphs about high food prices, to the point that “the EU will continue to strive for a comprehensive, ambitious and balanced conclusion of the Doha Round”. Was there in fact any discussion of the Doha Round in the European Council? If there was, was it useful? If there was not, was it just as well that there was not?

**Mr Murphy:** Your Lordships, I do hope that my testimony on these occasions displays that I do try to predict the types of questions that are asked. I know that sometimes perhaps I give an alternative impression, but certainly I aim to give the impression that I read and try to predict the questions that may be asked. I think I could spend an awful lot of time trying to predict Lord Kerr’s questions, but unsuccessfully. The last time it was, “Who was the author of this particular section?” and now it is, “Is this half a sentence the summit of the UK’s negotiating success?” Now, really what happened is

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that it was not discussed in detail at the June Council, but it was discussed at the May General Affairs Council. It was not felt on the basis of progress, and we think progress can be made, and I know a number of your Lordships were in Geneva relatively recently and received your own, or were given some, insight into the process, but, on the basis that it was discussed at the May General Affairs Council, there was not felt the need, in the context of the Irish referendum issue, to have a substantial conversation on Doha.

**Q21 Lord Kerr of Kinlochard:** There seems to have been some discussion at press conferences about Mr Mandelson and his mandate!

*Mr Murphy:* There was a lot of discussion at the press conferences about our excellent Trade Commissioner, Mr Mandelson, who is doing a superb job, and the Prime Minister again gave him his full vote of confidence. Peter Mandelson has a very difficult job, you know that, and he has had a really remarkable period of wide-ranging restructure and reform and, for it to be successful, there has to be a degree of give and take on all sides and, as a consequence, it leads to, as I have said before, an awful lot of heat and not a lot of light sometimes when people offer their reflections at press conferences on Mr Mandelson who, in the difficult circumstances, is doing at the moment a spectacularly good job.

**Q22 Lord Kerr of Kinlochard:** And the mandate remains unchanged until it is changed, and the European Council made no attempt to change it?

*Mr Murphy:* Absolutely, I should have added that, that his mandate is agreed unanimously and, on the basis that it was not discussed substantially at the Council, there was not any attempt to rewrite or redraft his mandate. Others may have commented about his mandate after the event, but they did not then raise it at the Council to redraft his mandate.

**Q23 Lord Roper:** There was a reference in the public prints today of a letter from six Member States, suggesting that the position of our Trade Commissioner should be supported. Is that not slightly worrying, the fact that there were only six? If you are only going to get six people writing, saying it is a good thing, does it not suggest that there might be a problem about the other 21?

*Mr Murphy:* I would have to enquire as to the attitudes of the other 21, but the fact is that his mandate was agreed, so that is very clear, it was unanimous, a very strong mandate. Others simply believe that they do not do their diplomacy by letter to the British media or any other media, and I think that is a fair way of saying it.

**Q24 Chairman:** Well, I think the Council, in devoting 16 words to the Doha Round in its Conclusions, probably was playing safe because maybe they did not want to open the Pandora's box on that one at that meeting.

*Mr Murphy:* And there is the proposed ministerial meeting on the 21st of this month.

**Chairman:** But it remains a very, very major concern, so while I think we understand why it did not command more attention actually in the Council, it certainly got a good going over in the press conferences.

**Q25 Lord Roper:** My Lord Chairman, I wonder if I could ask about enlargement and how far the delays on the Lisbon Treaty are considered by some Member States to have an effect on the prospects for further enlargement and indeed perhaps the possibility of moving to candidate status for some of the countries which have Stabilisation and Association Agreements in the Western Balkans? I wonder how the British Government sees this and how things are, going forward, particularly with respect to Croatia and Turkey?

*Mr Murphy:* Well, on a legal basis and on a potential conclusion basis, the Irish referendum and the situation with the Lisbon Treaty has no effect whatsoever, none whatsoever, no legal basis, no conclusion basis. The reason why I was looking through my notes is I wanted to share with your Lordships the fact that in France, and your Lordships may already be aware of this, but I think today in France there is a draft Constitutional Amendment Bill which is being discussed in the French Senate today and, contrary to much of the speculation of some of the proposed ideas about France having a referendum on a new membership of the European Union which increased the population of the European Union by 5%, that is no longer part of the package of proposals, which, I think, is a good thing. As to what has been suggested, it is too early to report on the progress, I think, of the debate, but, if it is passed in the French Senate today, all EU accessions need a referendum, unless a three-fifths majority of the Senate declare otherwise and it then goes to the Congress, so there is a 60% threshold of the Senate, which is probably, on balance, I think, a better position than what was initially being suggested. The situation remains as it was pre-Irish referendum, first of all for Her Majesty's Government, of continued conditions-based accession processes for the Balkans and Turkey, in particular. It is very clear during the French Presidency of the EU that they will maintain that process and it is important that, as the Presidency, they do maintain that process and it is very clear that they will. There is the separate issue of course of Turkey and the AKP Party and, if your Lordships

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wish and time allows, we can discuss what certainly is very clear, as a process of accession, Council conclusions and legal position.

**Chairman:** I think Croatia is not affected by whatever happens in the French Senate anyway and were they not excluded from that?

**Lord Roper:** After Croatia.

**Q26 Chairman:** Yes, everything that comes after Croatia.

**Mr Murphy:** There is some talk about that at the moment as it is not clear whether it was intended by the proposals, but there is some speculation that Croatia would be affected, but equally the political antennae would say that you would quite clearly get a 60% majority in the Senate to waive the referendum requirement for Croatia, whereas it may be more difficult for Turkey.

**Q27 Lord Kerr of Kinlochard:** But, if Nice survives, then the reduction in the size of the Commission is accelerated—

**Mr Murphy:** That is right.

**Q28 Lord Kerr of Kinlochard:**—because Lisbon would have deferred it and defined it. So it now stays undefined, but the number of commissioners has to be smaller than the number of Member States when the next one comes in?

**Mr Murphy:** Yes.

**Q29 Lord Kerr of Kinlochard:** That will be a problem, will it not, Minister?

**Mr Murphy:** Whether it is a problem, and they do not really describe it as that, it is certainly an unresolved issue. This was the irony of the Irish situation, that the Lisbon Treaty prolonged the period in which Ireland was guaranteed a commissioner and yet the debate managed to be about Ireland losing its Commissioner. It is a great irony that it was the one issue of substance that was actually in the Treaty that got some attraction as a negative in the public debate rather than at least a kind of moderate positive, as it clearly is, so, if Croatia were to join, your Lordship is right, this issue of commissioner numbers would have to be resolved at that point.

**Q30 Lord Wright of Richmond:** Really this is a wrap-up question, in other words, are there other subjects that were discussed that you want to tell us about, in particular, immigration, both immigration from outside the EU and population movement within the EU?

**Mr Murphy:** On immigration, the main thing was about support for FRONTEX and this point about, as your Lordship said, the migration within and around the European Union, but trying to deal more effectively with immigration at source and, in the

jargon, the kind of global approach and, rather than trying to act when illegal immigrants are within the European Union, actually dealing with it at source, better policing, development policy and so much else besides. Ourselves and the Spanish Government recently made some announcements, and, if the record shows otherwise, my Lord Chairman, I am happy to provide details, about the specific bilateral work we are doing with the Spanish Government in specific countries in Africa on joint co-operation to this global approach on immigration. Other issues which were discussed, which for the record may be helpful, included Zimbabwe, Burma, the Millennium Development Goals and also the Western Balkans. Now, it is up to your Lordships, Chairman, whether you wish me to correspond on those issues or whether time allows us to have questions.

**Chairman:** Well, there was quite a lot on the Western Balkans, including quite a substantial annex to it on that region. Does anybody want to go into any further detail on that? I am not sure that we need to; I think it is fairly explicit in the Presidency Conclusions. On the other issue that you mentioned, I think we are fairly clear on that.

**Q31 Lord Wright of Richmond:** Chairman, if I can just go back to immigration, was there any questioning of what the Italian Government are doing at the moment with the Roma and other issues?

**Mr Murphy:** Certainly there was comment about what the Italian Government are doing on the fringes. I think that our colleagues in the Spanish Government, in particular, have been very vocal in their observation about what is happening in Italy. Our view is that Italy faces its own immigration challenges and we face our own immigration challenges and within their own law and within the rules of the European norm, as long as they fulfil those, it is not for us to second-guess the Italian Government's position, whether we agree with their policy or whether we disagree with their policy, and that is the position the Government has taken, so there has been comment, but not discussion.

**Q32 Chairman:** I just have one last question for you and that refers to the Millennium Development Goals because these are going to be missed, they cannot be achieved, certainly from everything that we read. What sort of message did the Council give us on the Millennium Development Goals, that we just carry on and do the best we can? What is the situation?

**Mr Murphy:** Well, there is an agreement to, I think, double overseas development aid by 2010, I believe it is, half of which would go to Africa, but your Lordship is right, on the current trajectory, we are not on track to hit these Millennium Development Goals. Now, regardless of any individual

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observations about wider policies, there is a general view that the UK Government is perhaps about the most engaged, or certainly amongst the most engaged, in the European Union about trying to force the pace of this so that all European governments do what they can to hit this 0.7 target. There was an attempt, again not formally, and it is important to mention that, not formally, but there was certainly some comment on the side of, "Couldn't we just repackage some of this?" in the context of global economic challenges, "Can we not redefine and repackage some of it?" by some other governments. The important thing here is that there was no formal attempt to take a step back from the investment that is necessary by European governments, so a recommitment to the Millennium Development Goals and a commitment to hit that 0.7 target, a doubling by 2010 with half going to Africa. As I say, there was some, I think, entirely unhelpful commentary by some politicians in other Member States of, "Couldn't we revisit this in the current economic climate?" and our argument is very clearly that, in this economic climate, it would be a disaster to revisit our responsibilities. If anything, we should be trying to improve our delivery rather than curtailing it, but I am pleased to say that that view on the fringes did not meet with any approval.

**Q33 Chairman:** But it does still leave open this question of how valuable these kinds of goals are, given the fact that we can see on the evidence that countries where there is civilian strife, civil war, whatever, particularly bad conditions, were always bound to drag down the average performance of countries involved in the Millennium Development Goals because the good countries do well and the bad countries do badly. Surely, there is a question as to how useful these goals are? When you try to put everything together rather than disaggregate, you are bound to end up with disappointment.

*Mr Murphy:* I think that is an important point. Perhaps, if your Lordships have not already got this information, it may be helpful, where possible, to disaggregate and update your Lordships on which countries we are on track on and which countries the international community is off-beam on. You are entirely right, the impact of conflict to set back any progress is remarkable. Your Lordships will be aware of this, that very quickly the steps backward are more dramatic, much quicker and more enduring than any progress that is made in steps forward; it is pretty remarkable.

**Q34 Lord Tomlinson:** My Lord Chairman, perhaps I can just ask a brief supplementary on that very point because I think it would be very helpful if the Minister did produce us that sort of disaggregated figure for Africa, but, alongside it for each of the countries, could he perhaps make some sort of indicative comment about the view of the Government in relation to progress that has been made on the quality of the governance in some of those countries?

*Mr Murphy:* I will happily provide whatever information in the most readable form as is humanly possible. Perhaps I can define it by saying that the Millennium Development Goals, although we are currently not on track, I do still believe, serve a remarkable political function. It is a great cause and they are signed up to voluntarily by a collection of democracies and it is a perpetual challenge to go further, and I think that is the kind of longer-term function of these Millennium Development Goals.

**Chairman:** Well, Minister, thank you very much indeed. Unless anybody has got any other question they would like to put to the Minister, may I thank you very warmly, as always, for coming to meet with us to give us the benefit of yours and the Government's views on the Council. We look forward to meeting you after the next Council, and we thank you and Mr Guha for being with us.

### Memorandum by Jim Murphy MP, Minister for Europe

Thank you for your letter of 22 July enclosing a transcript of the evidence from the House of Lords European Union Select Committee session on 15 July. I am pleased you found the evidence session useful.

Please find enclosed a corrected version of the transcript amended where appropriate. There was only one point of clarification. At the evidence session, I also promised to provide you with further information on the following subjects; Carbon Capture and Storage (CCS), recent work with Spain on migration issues and the progress made towards the Millennium Development Goals (MDGs).

On CCS, I enclose a UK non-paper expressing views on current proposals for EU mechanisms to support CCS. This paper was transmitted to the French Presidency on 31 July. (not printed)

In April I visited Spain and co-hosted a roundtable discussion on migration with senior advisers to the Spanish Government, academic experts and a Counsellor from the Moroccan Embassy in Madrid. We had a very constructive meeting focusing on the political and practical steps needed to build effective co-operation with third countries to help manage migration at source. During my visit, the UK and Spain agreed to closer

cooperation and to support each other's work in Africa. The Spanish agreed to participate in the UK-led co-operation platforms (a series of working level meetings to discuss migration challenges with the Ethiopian government) and the UK agreed to support Spanish initiatives in Africa, such as future cooperation in Senegal.

On MDGs there is currently no international standard methodology for assessing country level progress, reporting is at a global and regional level only. The 2007 UN MDG report provides a good overview of these latest indicators and is available from <http://www.un.org/millenniumgoals/pdf/mdg2007.pdf>. In light of these limitations, DFID are in the process of developing a country level assessment methodology for monitoring MDG progress in the 22 priority countries agreed by our Public Service Agreement on International Poverty Reduction (PSA29). This is due to be launched in the department's Autumn Performance Report, a copy of which I will make available to you once published.

*21 August 2008*

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