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European Union Committee

11th Report of Session 2007–08

**Priorities of the
European Union:
evidence from the
Minister for Europe
and the Ambassador
of Slovenia**

Report with Evidence

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Priorities of the European Union: evidence from the Minister for Europe and the Ambassador of Slovenia

1. In recent years it has been our practice to take evidence regularly from the Ambassador of each incoming Presidency country. It has also been our recent practice to take evidence from the Minister for Europe after each European Council.
2. Accordingly, in this Report we make available for the information of the House the oral evidence given to us by Mr Jim Murphy, Minister for Europe, on 15 January 2008, and by His Excellency Mr Iztok Mirošič, Ambassador of Slovenia, on 29 January 2008. We also make available supplementary memoranda by both witnesses.
3. The key topics in the evidence from the Minister for Europe discussing the European Council of 14 December 2007 are:
 - Better regulation (QQ 35–40, 53, 56)
 - Burma (QQ 31–33)
 - Climate change (QQ 41–42, 60)
 - Cohesion policy (QQ 4–7)
 - Cyprus (Q 30)
 - Energy (QQ 17–19)
 - The euro (QQ 9–13)
 - European Institute for Innovation and Technology (EIT) (QQ 43–50; supplementary memorandum p 14)
 - Financial markets and stability (QQ 8–11)
 - Galileo (QQ 50–51)
 - Globalisation (Q 60)
 - The Independent Reflection Group (QQ 55–59)
 - Iran (QQ 33–34)
 - Kosovo (QQ 24–26, 29–30)
 - The Lisbon Strategy (QQ 16, 20–23, 52)
 - The Lisbon Treaty (QQ 1–3, 60)
 - Russia (QQ 18–19)
 - Serbia (QQ 27–31)
 - The single market (QQ 14–16, 20, 52)

- The Slovenian Presidency (Q 15)
 - Social Reality Stocktaking (QQ 52–54).
4. The key topics in the evidence from the Ambassador of Slovenia discussing the priorities of the Slovenian Presidency are:
- Better regulation (Q 61; supplementary memorandum p 25)
 - Civil and criminal justice (Q 73; supplementary memorandum pp 27–28)
 - Climate change (QQ 61, 67; supplementary memorandum p 27)
 - Croatia (Q 63; supplementary memorandum pp 23–24)
 - Development cooperation (Q 61)
 - Energy (Q 68)
 - EU external relations (Q 61)
 - The EU Research Area (QQ 61, 64; supplementary memorandum p 24)
 - The Euro-Mediterranean University (Q 61; supplementary memorandum pp 26–27)
 - The European Security and Defence Policy (Q 61)
 - Eurostars (Q 64; supplementary memorandum p 24)
 - The external action service (Q 75)
 - Financial markets and stability (Q 61)
 - Fishing (QQ 63, 67)
 - Intellectual property rights (Q 61; supplementary memorandum p 25)
 - Intercultural dialogue (QQ 61, 65–66; supplementary memorandum pp 25–26)
 - The internal market (Q 61; supplementary memorandum p 25)
 - Kosovo (QQ 61–62, 65; supplementary memorandum p 23)
 - The labour market (Q 61; supplementary memorandum p 25)
 - The Lisbon Strategy (QQ 61, 64; supplementary memorandum pp 24–25)
 - The Lisbon Treaty (QQ 61, 74; supplementary memorandum pp 29–30)
 - Migration and borders (QQ 69–72; supplementary memorandum pp 28–29)
 - Serbia (Q 62; supplementary memorandum p 23)
 - Small- and medium-sized enterprises (QQ 61, 64; supplementary memorandum pp 24–25)
 - Social policy (supplementary memorandum p 29)
 - The Spring European Council (QQ 61, 67)
 - The Western Balkans (QQ 61, 62, 65).

APPENDIX: RECENT REPORTS FROM THE SELECT COMMITTEE

Session 2007-08

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 OF THE EUROPEAN UNION

TUESDAY 15 JANUARY 2008

Present	Cohen of Pimlico, B	Plumb, L
	Dykes, L	Powell of Bayswater, L
	Grenfell, L (Chairman)	Symons of Vernham Dean, B
	Harrison, L	Tomlinson, L
	Jopling, L	Wade of Chorlton, L
	Kerr of Kinlochard, L	Wright of Richmond, L
	Maclennan of Rogart, L	

Examination of Witnesses

Witnesses: MR JIM MURPHY, a Member of the House of Commons, Minister of State for Europe, Ms SHAN MORGAN, EU Director and MR ADAM BYE, Foreign & Commonwealth Office, examined.

Q1 Chairman: Thank you very much indeed, Minister, for giving of us your valuable time once again to meet with this Committee. I should say that we are very delighted also that Shan Morgan and Adam Bye are with you and, as usual, Minister, you are free to ask them to contribute to the conversation at any point where you feel it appropriate. Would you like to make an opening statement?

Mr Murphy: Thank you for your welcome, Lord Grenfell. While today's discussion and hearing is not of course about the Lisbon Treaty—which is a temporary and welcome respite for perhaps two hours based on what is going to happen over the next week—it may be helpful to your Lordships for me to confirm that the Commons, as your Lordships may be aware, will have Second Reading of the Lisbon Treaty bill on Monday. Secondly, I have now signed off the response to the questions arising from the proceedings of our hearing on 18 December, as your Lordships had subsequent questions to the hearing just before Christmas. I am also in the process of writing to Sub-Committee F about the questions addressed to myself and to fellow Ministers. And we will this week publish the Consolidated Treaties, which of course is a specific request of your Lordships in your report; we will publish that this week as a Command paper and of course forward it to your Lordships and that will provide a text and a comparison between the Lisbon Treaty and previous EU Treaties.

Chairman: That is going to be very helpful and we are very grateful because I know that it has been a Herculean task to put that together; so thank you very much indeed on behalf of the Committee. Before we go on to the Conclusions of the Council there is one issue that we would like to raise.

Q2 Lord Wright of Richmond: Minister, I apologise for breaking into your respite but I will be very, very brief. Are you in a position yet to tell us more about secondments to the Commission and the External Action Service, which you will remember I raised on 18 December?

Mr Murphy: First of all, my Lord Chairman, thank you for the kind comment about the effort that has been put in by officials to produce this Consolidated Treaties text because you will see, when it arrives, that it is a really considerable piece of work; and the officials have worked very hard over the festive period as well to conclude that piece of work. We are disappointed that today I am not in a position to add much detail to that which has already been offered, on the basis that we have not really gone into any conversation or any negotiation with other European leaders about the detail; but as I said, my Lord Chairman, when any progress is about to be made or is being made, I am happy to offer to return to your Lordships' Committee to offer evidence and an assessment and to be open to scrutiny, in principle and in practice, without question.

Q3 Lord Wright of Richmond: There was also a question about the present practice of the extent to which we are seconding people to the Commission.

Mr Murphy: As your Lordships will recall, I offered to write to your Lordships with the details of how many to which European organisation and that is one of the questions I intend following up in written evidence this week to your Lordships.

Chairman: We will return to the respite now! Let us go to the Conclusions of the European Council of 14 December on cohesion policy and Baroness Cohen, who chairs Sub-Committee A which deals with this.

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Q4 Baroness Cohen of Pimlico: The Conclusions of the European Council state that “the role of the regional level to deliver growth and jobs should also be increased, as recognised in the new generation of programmes of the cohesion policy covering the period 2007–2013”. I chair Sub-Committee A and we are currently undertaking an Inquiry into the Future of European Structural Funds. How might European regional policy be used to generate the growth and employment envisaged by the Lisbon Strategy? Are the structural and cohesion funds just spread too thinly to have any meaningful impact?

Mr Murphy: I will respond to the final part of your question first. I do not think they are being spread too thinly, as long as they are concentrated in the areas of most need and greatest priority. In the same way as with the UK labour market and the UK regional policy there unfortunately continue to be pockets—and in some cases larger than pockets—of relative deprivation where the UK Government focuses its relevant energy and resources, for example the Treasury and DWP. I think it is a similar approach across the European Union. The combined budget of the structural and cohesion funds is about 36% of EU spend, and what we are looking to do is to ensure that there is a greater focus on the Lisbon Agenda and that it is targeted at the regions within the nations of greatest need. If we stay true to the Lisbon Agenda and the regional disparities then our assessment is that that investment is substantial and sufficient.

Q5 Lord Tomlinson: Minister, if we want to stay within the budgetary constraints that the Government has set, ones which I certainly would readily support, how is it possible to get the fullest impact of the structural and cohesion funds unless we succeed in a policy of weaning Spain, in particular, off the funds? They have had great impact in Spain with great benefit to Spain and to its rate of economic growth, but is not the continued support of Spain, at a point when I am not fully persuaded that they need it to the extent of some of the new, poorer regions, a contributory reason for perhaps not getting the impact in some of the new accession countries that we would want to see?

Mr Murphy: I think there is a fair point underpinning your Lordship’s question and without me treading on to the delicacies of Spanish politics I think it is a general principle that we do wish to see spending continue to move away from the most prosperous nations towards those most in need. I think the figures at the moment are that again 36% is spent on the EU 15, with the remaining 64% spent on the newer Member States. I think that is a two-thirds/one-third break. I think that direction of travel needs to continue. Without commenting on any individual Member State I think it is an inevitable consequence of that that some of the more prosperous Member

States will, in a fiscal sense within these funds, no longer get the money that they do and that the poorer Member States—I think rightly and fairly—have access to the type of economic support that Spain, Ireland and some others have had, which has been so much an important benefit over recent years.

Q6 Lord Wade of Chorlton: My Lord Chairman, first I should declare an interest when I ask this question because I chair a not-for-profit company in the northwest of England called NIMTECH and we for a long time have been in the job of actually managing European funds on various projects, and UK funds. The impact on how they are managed is tremendous—the regulation that besets them. So I am asking a rather more detailed question really, that these funds are now very substantial; they can play an enormous role in developing those weaker parts of the European economy, but the way it is done can make a tremendous difference in that millions can be wasted. How much do you see the UK being able to control or at least have some input to make sure that these funds are used most effectively?

Mr Murphy: The issue about transparency and accountability to spend is both right in terms of fiscal management as well as confidence in the system. I have listened to a number of voluntary sector organisations, in particular in and around Glasgow, and they have spoken about their frustration at continued form filling, and you try and say that this is about the accountability that goes with the investment. So I think it is crucial that that is maintained and we have no plans to move away from that. Indeed, if we can find additional ways without being bureaucratic and burdensome, particularly in smaller organisations, if we can find additional ways to have that transparency and accountability then we are very interested to hear any suggestions there may be.

Q7 Lord Wade of Chorlton: Could I just come back on that because it is interesting to me and it is more important that the money that is spent has the biggest possible output than it is to ensure that a little bit of it is not wasted. It is exactly the same in running a business; sometimes you have to make decisions where you do not make it in full, but it is important that the money you do spend gets the biggest maximum benefit. My own experience tells me that in fact some of these controls actually prevent the best use of the money and what they save is very small compared to what could have an impact if the money was spent most wisely and effectively. I leave that for your consideration.

Mr Murphy: I will happily consider it but in addition to that, however, there is the point about the length of period which the grant is offered to them. We have our own anecdotal feedback but in and around

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Glasgow the frustration is that there is a perpetual bureaucracy around this process. The Commission may have ideas as to how to simplify that process and I think that would be very welcome. I am not certain that the Government has the comfort that someone in business would have in terms of being allowed to turn a blind eye in effect to a little waste; if we allow a little it grows to something else. So there should be an intolerance of waste that we can identify, and impacts to the maximum outcome where possible, which is why there is the focus on poorer nations, which we are seeking to lead.

Chairman: We will move on to financial markets.

Q8 Baroness Cohen of Pimlico: Minister, the Conclusions underlined the importance of improving transparency for investors, markets and regulators, improving valuation standards, improving the prudential framework and supervision in the financial sector. I think my question out of all of this is: do you think that the EU in general and the UK in particular is adequately equipped to deal with any further financial instability in the short-term?

Mr Murphy: The UK in particular? Of course one never wishes to be complacent on these issues, far from it, but I think that the UK, by international standards, is considered to be in a very strong position in terms of a lot of the macroeconomic statistics—inflation, employment growth. If we compare the UK inflation to the Euro area or the US or whatever, it is 2.1% in the UK, 3% in the Euro area and 4% I think in the US. So without in any way being complacent I think we are in a relatively strong position. In terms of the EU, the EU does have a role about coordinating international efforts, coordinating the will of governments, and we, the French President and the German Chancellor came together on this matter at the European Council.

Q9 Baroness Cohen of Pimlico: A supplementary on that. One of the signs of weakness is traditionally one's currency going southwards, which it is currently doing in relation both to the Euro and slightly to the dollar.

Mr Murphy: In terms of our own currency?

Q10 Baroness Cohen of Pimlico: Yes.

Mr Murphy: I have not seen today's money markets but my understanding is that sterling was high vis-à-vis the dollar.

Q11 Baroness Cohen of Pimlico: Right down in relation to the euro.

Mr Murphy: I think that is more to do with the strength of the euro than the weakness of the pound, which is a reflection of the progress that the euro has made over the past few years.

Q12 Baroness Cohen of Pimlico: My Sub-Committee is also doing a report on the euro and it is difficult not to conclude that the euro has become a very large and stable looking currency.

Mr Murphy: For those who have a continuing visceral political dislike of the euro I think the economics do not bear that out. The fact is that increasingly there is substantial anecdotal evidence, in the Far East, for example, of a growing affection and affinity for the euro, particularly in light of the relative weakness of the dollar; but it has not of course changed the UK Government's position on the euro, before we get into that conversation!

Q13 Lord Tomlinson: I was interested, Minister, in those words "the economics do not bear that out". Is anybody doing a review then of the euro against the criteria that the then Chancellor of the Exchequer set, to determine our relationship with it?

Mr Murphy: We are not currently actively studying or revisiting the five tests, which would necessitate a referendum. There are no plans to do so at the moment.

Chairman: That was a succinct answer. Let us move on to the single market. Lord Powell.

Q14 Lord Powell of Bayswater: Minister, the single market is probably Britain's biggest contribution to the European Union. The Commission introduced their Single Market Review and Sub-Committee B of this Committee is looking at it and will issue a report, I hope, through this Committee early next month. The European Council asked the Council to come up with advice on priorities by the time of the next European Council. What priorities is the UK going to press for?

Mr Murphy: The priorities would be liberalisation of the energy market and liberalisation of other networks, including transport. Allied to that would be ensuring that we do not move away at all from the Lisbon Agenda. I think we will talk about the Lisbon Agenda a little later, but the Lisbon Agenda remains the template against which substantial proposed reforms are judged. So liberalisation of energy and other networks, including transport. Then we also wish to see, in truth, the completion of the Single Market, particularly around services and the Services Directive. At the conference yesterday, which perhaps a number of your Lordships were either at, or read about, the Prime Minister and very senior British business people spoke about the completion of the Single Market. One of the figures that struck me was that 96% of new jobs in the EU are in the services sector but only 20% of internal EU traders were in services. So there does need to be a radical transformation of the services sector. So those would be the priorities.

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Q15 Lord Powell of Bayswater: The conclusions that seem to be emerging from our study are that one area of weakness is implementation of the Single Market regulations and directives; and the other is that small business feels itself virtually excluded from the Single Market. Will we be giving priority to those two?

Mr Murphy: On national action following European declaration I think that is a fair observation. As I read fellow Ministers from different European capitals there is a real political commitment at a European level and the challenge then is to translate that into domestic action, which in some States will be substantially controversial. We see the proposed reforms in France and we see other proposed reforms, but we are optimistic that this commitment on the Single Market is not a temporary one; it will feed through into substantial domestic reform across the entire European Union. In small businesses there is a proposal under the Slovenian Presidency, as your Lordships will be aware, of a small business package and we expect to make substantial progress—*substantial* progress—over the next six months. I am speaking at a reception this evening at the launch of the Slovenian Presidency, as a guest of the Ambassador here, and they have identified and we strongly support the progress they wish to make on the small business package.

Q16 Lord Powell of Bayswater: Looking at the priorities as a whole over the next two years, do you think that the procession of EU presidencies that we face in these two years is such as to be likely to advance the Single Market?

Mr Murphy: I think the factors that will be continued will be bumped along the road, as your Lordships will all be aware, and that is unavoidable. There is a very strong momentum on the Single Market. No one is trying to unpick the in-principle agreements on the Single Market. The Lisbon Strategy is now accepted orthodoxy; and it is about maintaining that momentum. The UK will be at the forefront of trying to make sure that momentum is maintained along with a substantial number of others. But it is inevitable on occasion that in some Member States who have substantial traditional industry it could cause domestic pressure and domestic controversy; but I think there is a determination, even in those countries, to see progress.

Chairman: Let us move ahead to the energy questions.

Q17 Lord Dykes: I, too, Minister, am hoping to go to the Slovenian function because it is the only building in the vicinity of this building that carries the European flag; no government buildings have the European flag on them at the moment—I think the only capital where that is the case. Still, that is a separate matter. You have mentioned energy and

Malcolm Wicks was very helpful in giving us an update on the December Energy Council, and we are dealing with the third internal package now for gas and electricity. The Commission, I think, has been beavering away very, very energetically—if that is the right verb—to get to the kind of policy that we all want, but it is very, very difficult and there are different views on things. Can you give us now an update on this very painful and difficult debate about the unbundling proposals, which are supported in general by most of the Member States but there are, I believe, eight or nine of the Member States, including France, that resist this and want to make what they call a “third alternative” or perhaps a third way suggestion, for which we are now waiting. There are also variations in some of those countries too about their views of what should be done; it is not all exactly the same. Can you bring us up to date and tell us what is happening?

Mr Murphy: I have read through some of Malcolm Wicks’ mail and evidence and correspondence and our policy approach is led by the evidence, and I think your Lordships are aware of the evidence about where there has been proper unbundling of the energy market investment has been greater and price increases have been significantly lower—I think it is six versus 29% in terms of the French in between unbundled versus bundled energy markets. Your Lordship is right that there is a proposal to have a third way, a different approach. A specific proposal has not yet been tabled, so it is difficult to pre-empt a response to a proposal that we know exists in principle but of which we have not seen the shape or size. But we are not convinced that a different approach is the right way to go and if there was a third proposal we would have to meet the Commission’s established criteria about the distinction between ownership and network transmission, and those involved in a competitive environment. So that is the criteria against which we will judge any third proposal.

Q18 Lord Dykes: Do you think that the Commission’s approach is made more difficult by the reality that because Russia took some provocative action about cutting off supplies and so on some time ago, and then there were difficulties with eastern European countries, that then a number of leading EU countries just as one country made their own supply negotiations with Russia and other suppliers and therefore that has perhaps made it more difficult for the Commission to get a cohesive, unified policy formed?

Mr Murphy: I think that is a fair assessment, that Russia’s actions on energy policy have led to uncertainty, both at a political level and at an industry level, which is one of the reasons why we strongly believe that not only should there be a

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diversity of energy supply but there needs to be, particularly out of Central Asia, a diversity of source to market, which means the routes of pipelines, for example. At the event yesterday the Ambassador from Hungary raised specific concerns with John Hutton as Secretary of State just about routes to market and the stability that that would provide, so there is not an absolute reliance on Russia as either a source or a route. So I think it is a fair assessment that there is a degree of uncertainty. But that in itself is not the reason for Europe changing its posture on the liberalisation of the energy market.

Q19 Lord Wade of Chorlton: What then do you think should be the European view if Russia were to start investing large sums of their money into energy companies in Europe?

Mr Murphy: Our approach would be that this would be an issue for national regulators. Despite the various twists and turns and even yesterday's announcement on Russia and the British Council these things are not connected; we do not wish to see them connected. Russia's policy on acquisition of energy assets really is a matter, as I say, for national regulators and normal procedures. There is an additional pressure on Russia, and whilst this is not strictly within the initial question the real pressure on Russian energy, as your Lordships will be aware, I am sure, is that our assessment is that Russia is not making substantial enough investment at this point to honour its international obligations and its domestic demand. I think the timeline for that, your Lordships, is probably within five years—that would be the case. So this issue is relatively intricate but of fundamental importance to the European economy and of course the Russian economy.

Chairman: That brings us on quite neatly to the Lisbon Strategy.

Q20 Lord Harrison: Minister, you have reiterated this evening the Government's support for the Lisbon Strategy by saying that we should stay true to the Lisbon Agenda and you assert that it is now accepted orthodoxy within the European Union the importance of the Lisbon Strategy, and the Presidency Conclusions say very clearly, "The Lisbon Strategy is delivering". I wish it were so. Do you believe it to be so and do you have hard evidence that that is the case? Because I have my doubts and I wonder whether indeed we should be requesting the European Union to undertake a thorough overhaul of the Integrated Guidelines to put back on track what I think is absolutely a key measure to the Single Market that you and Lord Powell talked about earlier—absolutely crucial to the United Kingdom's view of the development of the European Union.

Mr Murphy: Your Lordship is absolutely right, the Lisbon Strategy is absolutely key to the completion of the Single Market. In terms of the assessment of the Lisbon Strategy, has it achieved everything? No, of course it has not; its current approach to this still has three years to run. Has it made substantial progress? We believe it has. I would like to remind you briefly of what our assessment of that would be. Firstly it is, as I say, my contention that it is now accepted orthodoxy—economic and political orthodoxy—and it has led to a change in governments' approach across the European Union. Additionally, it has been the template for new Member States as they reform their economies, the substantial reform that new Member States have gone through. The template against which they were judged and in turn sought to reach was the detail of the Lisbon Strategy. Also—and the importance of this, I think, has been underplayed—new Commission proposals are judged against the Lisbon Strategy criteria, and even when there have been other pressures, other tendencies and temporarily other priorities the Commission proposals are now judged against that. So the Integrated Guidelines and the priorities of the Lisbon Strategy currently in place are the right ones. Of course, as we come to the end of the process we do have to look and see what has been more successful and what has been least successful; but based on jobs growth in particular I think it has been and continues to be a substantial success.

Q21 Lord Harrison: I accept what you say about it being a template, especially to those countries that have recently come in, but is there hard evidence? Are we able to demonstrate that the increase in the number of jobs, the creation of wealth is attributable to the fact that the Lisbon Strategy now exists and it did not before?

Mr Murphy: The issue in all of these is cause and effect and trying to link both, and what degree of economic growth would there have been in any case and what degree of jobs growth would there be in any case? One of the ways to assess it is what would the priorities of the Lisbon Strategy include? The priorities included older workers and women workers and the greatest area of growth has been amongst older workers, those over 50, I think, and women workers. But again we get into a debate as to what degree of that growth would have happened in any case? The liberalisation of markets, the template for new Member States and the pro-market Commission default posture has added to this growth—that is beyond dispute, the general economic posture—and that has led to continued economic growth, growth in jobs which you can attribute directly back to the Lisbon Strategy.

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Q22 Lord Harrison: My understanding was that President Barroso was reluctant to include that element of the Lisbon Strategy and indeed wanted to subtract that element which wanted to encourage older workers, women workers to come in and improve their education and training. There was a period some two or three years ago where it was thought to be preferable to focus on what was considered to be hard measures to enact the Lisbon Strategy. Are you saying that President Barroso has now changed?

Mr Murphy: I did not say that he had changed or was correct or wrong; what I said is that the Strategy itself has identified priority areas and the greatest growth has been in those priority areas.

Q23 Lord Jopling: Minister, are the conclusions of the meeting somewhat contradictory in that they say, on the one hand, that Integrated Guidelines do not need a fundamental overhaul, and in the next sentence but one they talk about the need for appropriate action in areas—and I will not read it, you will be aware of it—and there is a great shopping list of fundamental things. Do you not think that it is slightly contradictory to have said those two seemingly opposite suggestions?

Mr Murphy: I do not believe there is, in that a decade on there are inevitably new or refined priorities. Pretty fairly your Lordship mentions a rather long list and there is a rather long list—I am looking at the list in paragraph 39 in front of me now and it is a substantial list, which is why earlier I was asked to identify where the UK sees the priorities within here. An example of the as yet unrealised ambition of the Lisbon Strategy, which ties into the first aim about acknowledging innovation and also feeds into the ambition of SMEs, is the cost of patenting in the European Union; I think in more than half a dozen countries in the European Union it costs three to five times more than it would in Japan and the US. Part of that is about translation costs but that is a substantial and sensible reform which would encourage innovation that we would like to see happen. So a series of these types of reforms, which are essential not only to meet the challenge of Japan and America but also to meet the challenge of India, I think that is the context. It has been said before but nevertheless it is still the case that the Lisbon Strategy as envisaged was largely but not exclusively about meeting the economic challenge of the US. As we visit it ten years later—and I spoke earlier about this—the nature of the economic global dynamics has changed and the refreshed Lisbon Strategy has to meet the specific challenges, particularly of China and India—and also countries such as Vietnam.

Chairman: Let us move ahead to foreign affairs. We have a number of issues here, Minister, and perhaps I should give you notice of the fact that we would also

like to raise one particular aspect of the EU's relations with Iran. Let us start with the very knotty problem of Kosovo. Lord MacLennan.

Q24 Lord MacLennan of Rogart: Minister, the report of the Contact Group on the exhaustion of the negotiating process between the parties was made available and publicised just before the Council meeting. I am interested to know whether the Council had a meeting of minds about the future status of Kosovo—the, if you like, final status—and if perhaps there were differences how is it that the Council was able to reach a position on the sending of a mission under the ESDP arrangements to seek to sustain the stability of Kosovo?

Mr Murphy: Your Lordship is right in implying that this is a long and difficult journey that the international community has been on but, more importantly, the people of Kosovo and people of Serbia in recent times have been on. In paragraph 69 of the Conclusions the EU did reach a substantial conclusion including that the declaration and our position on Kosovo did not set any precedent, which of course in itself is significant. It would be wrong to say that there has been through the process 100% consensus and unanimity, but we have got to a point now where there is overwhelming support for a Kosovo final status, based on the Ahtisaari Proposals, and that even the most sceptical, which, without being disparaging, would be Cyprus, have said that they will not stand in the way of an ESDP mission, and that is significant.

Q25 Lord MacLennan of Rogart: Was that statement about the pending status of Kosovo not constituting a *sui generis* case a paving remark to enable agreement to be reached on the ESDP mission? What does it actually mean? You can say every case is *sui generis* but precedents are established.

Mr Murphy: In paragraph 68 of the Conclusions—and it may be helpful to your Lordships if I briefly read it—“The European Council agreed with the UN Secretary-General that the status quo in Kosovo is unsustainable and, thus, stressed the need to move forward toward a Kosovo settlement, which is essential for regional stability. Such a settlement should ensure a democratic, multi-ethnic Kosovo committed to the rule of law, and to the protection of minorities and of culture and religious heritage.” In that context really we have reached a point where the UN process is exhausted or near exhausted. As your Lordships are aware, there was no meeting of minds through the Troika Process and we are now left in a position in the European Union as to how to respond to the expected Declaration of Independence, which I think is impending, from the Team of Unity in Kosovo. But whilst in the past the European Union has had some difficulty—of course, well documented

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disagreements about some of this in the past—the fact now is that the European Council has put itself in a position that it is willing to play a leading role and deploy an ESDP mission with the support of every Member State.

Q26 Lord Maclennan of Rogart: With respect, Minister, I understand that; that is stated in the Presidential Conclusions. But it is not actually clear about what agreement, if any, was reached about the final status of Kosovo and Government's view about that—not just about security and things but about what might be possible for the European Union to achieve.

Mr Murphy: The UK Government's position, as I think your Lordships are aware, is to recognise an independent Kosovo, an independent Kosovo that is processed and is supervised, and we would expect the substantial majority of EU Member States to unilaterally take that decision as well. Would it immediately be all 27? I do not think it would be is a frank assessment for your Lordships—I do not believe it would be all 27 on day one. But I think very quickly we would be in the mid-20s of recognition of Kosovo's final status, based on the Ahtisaari Plans. I think that is where we will end up very quickly after Declaration of Independence.

Chairman: Shall we move on to the related issue of Serbia.

Q27 Lord Wright of Richmond: Minister, the Presidency Conclusions reiterate their confidence that progress on Serbia's road towards the EU, including candidate status, can be accelerated. Is the British Government's position totally at one with that? And what is your attitude to the Serbian Foreign Minister's call for a Stabilisation and Association Agreement this month?

Mr Murphy: The Agreement, as your Lordships are aware, has been initialised; it has not been signed. A straightforward way of explaining this would be to see that the next move is Serbia's, both in terms of its response to the Declaration of Independence of Kosovo and its full cooperation with a criminal tribunal. There are four outstanding suspects that we still expect to see apprehended and to face justice. We have this conversation of course at European Councils and European gatherings of Ministers—is it conditional upon all four being captured and facing justice? A fair assessment would be no, it is based on 100% effort by the Serbian authorities, and our assessment up until now, even though belatedly there has been a €1 million public reward, up until relatively recently there has not been 100% effort. I spoke to Carla Del Ponte before she left post and she was hopeful that there would be concrete progress, but at the moment that just does not seem to be the case. I have noted the comments by the Foreign

Minister, who I think is a pretty reasonable man—incidentally, I met him and talked with him. It is not our intention to play inside the domestic politics of Serbia in terms of their election process. I will conclude this where I started it, that really the next move is Serbia's. If they demonstrate 100% effort then we would be inclined to sign and progress the Agreement, which would put them on the path to EU membership, which we strongly support—Serbia should have an EU perspective in the same way that Kosovo should.

Q28 Lord Wright of Richmond: At the meeting itself was there much disagreement about both the assessment of the situation and the approach we should take towards Serbia?

Mr Murphy: In different international forums there have been nuanced positions about what is the correct choreography of different stages of this process. I think there is unanimity as to where the progress reaches and the conclusion is that two independent countries at some point will join the European Union, and how we get there is really about what is the most effective way of sequencing the different stages. Traditionally we, the Dutch and some others have been pretty strong on the conditionality about full cooperation and 100% effort; others, of course, whilst still wanting to see real progress, finesse that to sequence it in a different way, and the Slovenian Presidency wish to see real progress on this over the future months.

Q29 Lord Tomlinson: I see that the Council encouraged Serbia to head for candidate status. Did anybody talk in terms of time spans and decision-making?

Mr Murphy: In terms of independence for Kosovo there is an envisaged timeline, but in terms of candidate and membership status of the European Union there is no established timeline. That would be the case for each of the countries currently seeking membership of the European Union, be it Croatia, Turkey, Kosovo or, in time, Serbia. It is tied to conditions rather than dates.

Q30 Lord Tomlinson: Here, as part of the deal over Kosovo, the Council appeared to be encouraging Cyprus. Did that encouragement have any tangible form or was it just a form of words?

Mr Murphy: We are encouraging Serbia. We have made it clear bilaterally to the Serbian Government; I have made it clear myself and the Foreign Secretary here has also made it clear that really Serbia has a strategic decision to make about her future. We have all rehearsed, I think, the assessment and the analysis as to what that decision entails, as to whether Serbia sees itself as a member of the EU and open market, an integrated part of the European Union or

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someone who sees their relationship with the European Union as altogether less constructive. There seems to be within the Serbian domestic opinion, as is often the case, a division of opinion based on occasion along generational lines, with many younger people seeing Serbia's future as part of the European Union with freedom of movement, freedom of travel, freedom of study, and others perhaps are looking to Serbia's past as the prism through which they see Serbia's future.

Q31 Baroness Symons of Vernham Dean: Minister, can we turn to the issue of Burma? It is some while now since we saw those shocking pictures about the suppression of a democratic resurgence in Burma. The Conclusions talk about the EU "standing ready to review, amend or further reinforce restrictive measures". I do not think that the words "standing ready to review" sound compelling in terms of encouragement to the authorities in Burma; and when we turn to paragraph 81 we are told that "The EU is determined to assist the people of Burma further on their path to democracy, security and prosperity." How? How are we going to do that rather than just "standing ready to review", which does not sound the most compelling of positions?

Mr Murphy: I think at the General Affairs Council, towards the end of last year when we discussed Burma in some detail and the nature of the sanctions regime, a series of measures were taken then; but the view then, as the view is clear in paragraph 79 of the Conclusions, was that if Burma does not make the progress that we would all like to see, as the monks and so many others demonstrated for us, that collectively the European Union is willing to take other sanctioning measures. Previously we have declared that we will rule nothing out; we made that very clear after the General Affairs Council towards the end of last year. I think the Conclusions also talk about the importance of regional powers and the Prime Minister will be going to India and China later this week and this is something that he will be raising bilaterally with both India and China.

Q32 Baroness Symons of Vernham Dean: So it is definitely on that agenda?

Mr Murphy: Yes, absolutely. The danger, of course, is that the world's media, for understandable reasons, moves on to Kenya or Pakistan from Burma and potentially in the world's mind it could be forgotten; but in the diplomatic sense it is not and it will not be, and that is why the Prime Minister will raise it both with India and with China.

Q33 Baroness Symons of Vernham Dean: That is an interesting piece of information about what his intentions are; thank you. Minister, can I ask you something about what the Conclusions say on Iran,

particularly because over the last few days—and I happened to be in the regions—it does seem that since the Bush speeches in the Arabic part of the Middle East there has been a hardening of attitudes again. We saw a very distinctive role for the European Union when the Foreign Secretaries of Britain, France and Germany went to talk to the Iranians, but now it seems that there is a very real fear that the Americans are winding up to some real action over Iran; but equally, I would say, in the region quite a fear that nobody does anything at all about this. What distinctive role do you see for the European Union in relation to the stand-off with Iran?

Mr Murphy: Its specific and distinctive role would be that if Iran does not comply with its international obligations, that are again well rehearsed in public, that regardless of the UN process the European Union is willing to enact further sanctions, and that would be a distinct EU perspective on an international situation in respect of Iran and, as I say, outside of a UN process.

Q34 Lord Wade of Chorlton: What am I to understand as to what impact the European decision along those lines might have on Iran? Is it a financial one or how would you see any actions that Europe could take having an impact on Iran that might change its mind?

Mr Murphy: The shape of any potential future sanctions has not been decided, but certainly there would be a very strong economic perspective to it in terms of we can take further economic sanctions. That would be a large component of anything further that was considered in the EU.

Chairman: Let us come on to better regulation.

Q35 Lord Plumb: Minister, it is good to see that there is a better regulation agenda and this surely would be welcomed by many who might believe that there is going to be some improvement in the regulations over a period of time, and I note that at European Union level they are setting targets of improvement by 25%. Of course in some ways this relates to the first question that Lord Wade raised about the use of currency because a lot of the regulations of course involve investment in various areas. If this is going to be done under the national reform programme to what extent are we following up on this? They are asking us by 2008 to also set targets. If there is a target at European level of 25% how do we stand and what plans do we have to improve those regulations?

Mr Murphy: My experience of this is when I had the joy of being the Better Regulation Minister in the Cabinet Office a couple of years ago.

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Q36 Lord Plumb: You are to blame for it, are you!

Mr Murphy: As part of the UK Presidency we hosted an EU conference in Edinburgh on just how we can get the Commission to this 25% target. I and the Foreign Secretary have both said this recently. I know it sounds counter-intuitive for some but the Commission are our allies on this; there is a real determination in the Commission to deliver on this. In terms of domestically, the week before Christmas and in the rush to Christmas—and understandably this was missed by most—19 UK Government departments published their Better Regulation Plans, which would see us actually exceeding the domestic target that we signed up to. It is 26%, which is a net 3.5 billion a year up to 2010. So that is by 19 departments and regulators. The important thing now is for the respective Select Committees in respect of both Houses to continue to challenge government departments as to whether we are on track for achieving a 26% reduction. But it would be substantial and it would change the culture of government, both on private sector but, importantly, the public sector because we hear—not just anecdotally but we know from studies—that a number of frontline public sector workers get frustrated with the degree of paperwork. So this is an approach, private and public sector and the voluntary sector.

Q37 Lord Plumb: Could you give us an example of an improved regulation?

Mr Murphy: Preparing for this afternoon I said to officials, “Can you get me some examples because someone is likely to ask?” We have cut red tape in 288 different ways. I do not have all 288 and your Lordships would not thank me for bringing all 288 to your Lordships’ attention—

Q38 Lord Plumb: Just one actually.

Mr Murphy: Just one here is entitled Facilitation of Electronic Communications, and while in itself it does not sound dramatic the cumulative impact of a number of these . . . It shows that one in 0.2 million companies can now send information to shareholders by email rather than hard copy. This is expected to reduce by £100,000 to £400,000 per mailing per company. So that is a sensible measure. The others would be AGM obligations have been changed for private companies; between half a million and three-quarters of a million private companies no longer need to hold an AGM. Again, in itself it does not transform the business climate but cumulatively those sorts of measures are substantial, and there are 288—and perhaps not all are as significant as that—and that in itself signifies early progress and that a momentum is being developed. The challenge here now is for government departments to be held to

account on their delivery plans. I think government departments are pretty clear about that.

Q39 Lord Harrison: I am seduced, Minister, into taking you on to a theological debate since you are a former Better Regulation Minister, but is there not a contradiction with the mechanical view of artificially cutting 25% of the regulations away and the concept of better regulation, which emphasises the quality of regulation? We all need red tape if red tape does the proper job in explaining what is required for the laws and regulation of any market, but the judgment is to actually arrive at the best rules and regulations where everyone is clear about what it is that they are attempting to do and to transact business within that market. Coming along and saying, “25% should be shed”, you could actually take away some very important reserves that are enshrined in the regulation which preserves certain interests in the function of that market. For instance, that one example you gave of the reduction of the number of AGMs, they might be a burden in one sense but it may be that the AGM is very important in terms of holding to account the directors of any company. Perhaps this is the wrong place, but I wonder whether you, after your period of being a Better Regulation Minister, wondered, as I always do, as to whether having a 25% ambition is actually the wrong way to tackle the matter?

Mr Murphy: I hope your Lordship does not mind me not succumbing to his invitation to be seduced, theologically or otherwise—I have already been seduced theologically in another direction anyway, but that is for another conversation another time! It is a fair point. It is the type of conversation that Government continually has as to what are the right principles underpinning better regulation because it is better regulation rather than less regulation. The better regulation is about having a risk based approach to regulation. I think those sorts of measures are identified if they are carried out in conjunction with business and close cooperation with business; I think those are emblematic of a risk-based approach because clearly in the electronic communications and in the need for holding AGMs for certain companies that is a risk-based approach to regulation, and that is what we should have. The difficulty there is—without prolonging this into a conversation exclusively about better regulation—that it is important that you are able to measure these things. So we can either measure it by general feel and anecdote; we can measure it by economic growth, which is a multi-faceted dynamic in terms of the outcomes, or you can measure it both in terms of specific measures and a general weight of the regulatory burden. It is important that we are able to measure it year on year, and that is why we count the

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number of regulations and the general weight of the regulatory burden.

Q40 Lord Harrison: I fear we are counting red herring and not cutting red tape!

Mr Murphy: Hopefully we can prove you wrong!

Q41 Chairman: Let us go on to climate change. Minister, the Council concluded that the Bali Conference must respond to the urgent need for global action on climate change—that is not very surprising. I wonder whether you think that the results were satisfactory? After that I would like to ask you a couple of questions about the United States and some other big countries. What is the Government's view on the results?

Mr Murphy: I think that the outcome was much more optimistic and specific than was expected perhaps, certainly three months before and perhaps even a couple of days before. On occasion, from listening to the experience of UK Ministers who attended, perhaps at different hours during the marathon negotiations there were points at which there could be a great deal of pessimism. But there is a sense that progress was made and that we will move towards Copenhagen in 2009 with trying to negotiate the specifics of the post-Kyoto Agreement. So there is an acknowledgement in principle that there have to be deep and substantial cuts in global emissions. I think there was a general acceptance that there was a great deal of acknowledgement of the scientific case; and there was movement in some Member States, helped—without passing judgment on the Australian elections—of course by Australia adding itself to those who see the case for the initial Kyoto Agreement. But there is still a substantial piece of work to be done and we watch with great interest the conversation in Canada, for example, and the twists and turns of the US election process.

Q42 Chairman: It is clear, is it not, that the United States was absolutely bowled over by the size of the cuts in greenhouse gas emissions demanded, and we know that the percentages then got relegated to footnotes, etcetera, so some effort was made to calm them down. But is not the problem really that there is no chance of the US Congress ever ratifying a Treaty that does not demand from countries like India and China that they make comparable efforts? Did we get the impression at Bali that India and China were going to play ball?

Mr Murphy: On China in particular I think that the Chinese Government has intellectually persuaded itself that there is a need for domestic and

international action, so I think that was important. I am less clear about the specifics in respect of India. In terms of the US I think we will all watch with great interest the different aspects of the election process, but there are a number of US Presidential candidates, both Democrat and Republican, who are determined to see the US play a more constructive role internationally on this. Again, without wandering into the Serbian elections and certainly without wandering into the US elections, there are signs—without being naively optimistic, not least in terms of the Senate—with individual states in the US taking unilateral action, and with climate change being on the US Presidential agenda in a way that we could not have imagined four years ago, that gives us reason to be relatively optimistic. Also, the international community has been bound into a process leading to Copenhagen. There is an awful lot of work to be done, however, before we get to any agreement in Copenhagen next year.

Chairman: Let us go on to the European Institute of Innovation and Technology, this rather controversial body.

Q43 Lord Wade of Chorlton: We noticed that the Council welcomed the setting up of the European Institute of Innovation and Technology as agreed on 23 November, but you may be aware that this Committee had some serious concerns as this project came through, as did the Government. I would be interested to know, now that the agreement has been reached, does it, in your view, represent good value for money and how does Her Majesty's Government plan to monitor the success and the efficiency of this Institute?

Mr Murphy: Your Lordship is right in that the Government shares a number of concerns, but the proposal as welcomed at the Council is a significant move away from the initial Commission proposals in a number of important ways. We successfully argued, for example, that there should be a series of pilots rather than one giant leap and that was accepted and the number of pilots that would be of value before further progress is made. That is one substantial change. The second one is that it was not new money; no increase in budget and would come from existing budgets. Again, that was not the initial approach from the Commission, but again we managed to persuade, with others—not by ourselves but with some others—that that would be the correct approach. In principle, however, if these pilots and their evaluation are productive then potentially it can feed into the Lisbon Agenda and the Single Market about which we speaking earlier, but it is only if the evaluation proves the pilots to be worthwhile I think that is the correct approach.

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Q44 Lord Wade of Chorlton: The view of our Committee was that these sorts of activities are much better done at local level. It is local initiatives that create new innovation, new developments and new technology and local money. Would you agree with me that the success of this European project will be how much it encourages local activities and does not try and concentrate on centralised activities?

Mr Murphy: I think there is a case for a European framework. I spoke earlier about the patenting regulations there. I think there is a need for us to move, for example, and then that would encourage innovation. I think the basic premise of your Lordship's question is a fair one, that you cannot command innovation. It is not a nationalised industry where you can command the will and command creativity; it is about human spirit and human innovation and great ideas, and the European Union should, where it can, encourage that.

Q45 Lord Powell of Bayswater: I want to follow that up. At a time when many companies here are reproaching Government for not providing enough support for research and technology in this country over innovation, and as a result many companies are moving jobs in this field overseas to the United States or to Asia, does it really make sense to support this at all? Should we not perhaps at least have registered our opposition to it and try to persuade people that really there does not have to be a European everything?

Mr Murphy: There certainly does not have to be a European everything; that is very clearly the Government's view, for example, on a European Public Prosecutor—you do not see the case for that, for example. On this we took the judgment that we could change the proposal so dramatically that potentially it could have a positive impact, but if the evaluation of the pilots concludes that there is no value added then I think in that case it is strengthened, and I expect your Lordships to look in great care to the evaluation of these pilots.

Lord Powell of Bayswater: Perhaps the Minister would like to take a bet as to whether there is going to be a negative evaluation of the pilots, but I would not put much money on it myself.

Q46 Lord Wade of Chorlton: It will depend on the assessors. Let us hope that the assessors are those who might make benefit from it and not those who are delivering it.

Mr Murphy: Your Lordships and your Lordships' Committee will be part of the assessment process.

Q47 Lord Wade of Chorlton: That will be all right then!

Mr Murphy: I would bet on that anyway!

Q48 Lord Dykes: Further to that, do you mean, Minister, that there is a chance that it will not go ahead, it will depend exclusively on those pilots? Because if they are presumably going to be firmly embedded in private/public cooperation on specific, fairly small projects it is more likely that at least a number of them will be successful. This has been quite carefully thought out over a long period, and is it not therefore the supposition that from that Council decision this Institute will go ahead?

Mr Murphy: We would not move on to any future expansion of the Institute without a detailed assessment of the pilots and efficacy of the evaluation process; so once that has concluded—and I cannot share with your Lordships today the timescale of that—at that point we can say whether to go further or not.

Q49 Lord Dykes: With your indulgence, Lord Chairman, what would your guess be—and not holding you too tightly to a specific date—if that was okay and a date was fixed for it to start?

Mr Murphy: I do not have a guess but I will return to your Lordships in writing, if your Lordships wish, with something better than a guess.

Q50 Lord Dykes: Incidentally, depending on when it was set up, of course the decision was at paragraph 43 of the Presidency Conclusions to go ahead with the Galileo Project and that will be by 2013, so maybe one of the Institute's functions will be to monitor how that is developing. Could you very quickly on Galileo say what the feeling now is? It did look expensive *prima facie*, but then so is the American system. Do you feel now that they will go ahead without significant delay from now on?

Mr Murphy: I think there was progress in Galileo, I think it would be with the Transport Council—I am not certain—before Christmas, but I will invite Shan Morgan to say a word or two about Galileo.

Ms Morgan: Just to say that both Galileo and the European Institute of Technology would agree together the budget for them and the same conditions applied to that, that there was very strict budgetary control, and the funding was found in the margins of the budget for 2007 and 2008 and by re-profiling existing research funding that had already been foreseen for Galileo. Again, if you would like more information on that process then we can follow it up in writing.

Q51 Lord Dykes: 2013 is a firm, reachable date for commencement, is it?

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Ms Morgan: That is expected to be the case, yes.

Q52 Chairman: If we could move on to our last two issues which we want to raise with you. Minister, we would be interested to know the degree of joy with which the UK participated in the welcoming of the ongoing consultations on the Social Reality Stocktaking. I am sure that you would have no real objection to that consultation going on, but are you not a bit worried about what all of this may lead to, a renewed and modern Social Agenda for Europe?

Mr Murphy: My Lord Chairman, I think unbridled joy! This is one of those phrases that Europe generates, which lack precision and clear definition. For us, what does this mean? Ultimately Social Reality Stocktaking, as I understand it as it is set out, is about social wellbeing which we wish to tie back to the Lisbon Agenda, the completion of the Single Market, a chance to get a job and a chance to get a career, ultimately. If it is a European index of contentedness, which it is not but which some people argue that it should be, then the evidence in the UK is that in general terms the greatest driver of contentedness is having a chance to have a job, and that takes us straight back to the Lisbon Agenda and the completion of the Single Market, and that is the case that we will continue to make. Do we think it is an opportunity for protectionist pressure? The evidence so far is that it has not been a rallying point for any concerted attempt to revisit some of the in-principle agreements on a Single Market and a Lisbon Agenda. So while I think that the phraseology and the terminology are unhelpful and imprecise I think the content of it is something with which we are comfortable.

Q53 Lord Tomlinson: I was just wondering, Lord Chairman, whether Social Reality Stocktaking will ever become a paradigm example of better regulation?

Mr Murphy: I think better regulation means what it says and it says what it means, so I do not know what this says in the sense of Social Reality Stocktaking. If we picked up any evidence in the UK which is the most dangerous profession in the UK it is unemployment. That is the most dangerous profession in the UK; it is not heavy industry, it is not many of the other things that we traditionally consider. Unemployment is *the* most dangerous profession in the UK and if it picks up on that sort of evidence in terms of social reality then we are very comfortable indeed.

Q54 Lord Plumb: I do not know how you assess social reality when in fact the majority of support going into rural areas is a social policy rather than an economic policy. How on earth do you add that to an assessment of a general social policy over all people?

It would be not just a complex issue but, I would have thought, an absolutely impossible task to make any sort of assessment at all.

Mr Murphy: I think your Lordship is right; it would be very difficult to reach a universal conclusion as to the definition and nature of a social reality. We are in this conversation because I volunteered to be in this conversation, but I will make do with what is there. For us, we want to tie it back to the type of things we have been speaking about already. It cannot be an index of happiness, which is what some people have spoken about. That is the important conversation; it is an important issue but it cannot be a league table of European happiness.

Lord Plumb: Exactly.

Q55 Chairman: It looks like we may be coming up to a division in the Chamber fairly shortly, so could I go to the last question, which is about Felipe González's Independent Reflection Group. I was interested to read a fairly long article in the *Financial Times* about this this morning where he sets out some of his views on what he plans to do with it. It is an awfully watered down mandate and maybe that is a good thing, but will it come up with anything useful? Presumably it will not be binding on anybody; is this simply just going to be a series of reflections?

Mr Murphy: It is not binding, that is true. We are very happy with the terms of reference, which set out what our terms of reference would include. It was a French proposal, as your Lordships will be aware. Our concerns were that it would be another attempt to revisit Treaties; it would be a proxy for discussion on budget; and it would be used potentially to unpick the existing commitments, not least accession for Turkey. Explicitly those are excluded and we are very happy with that indeed. In terms of Felipe González and his comments to the *FT*, we are going to be engaged in this process; we hope to shape it and we have been very, very effective—along with some others—in shaping the terms of reference, and that was the most significant thing here, shaping the terms of reference, and that has been achieved.

Q56 Chairman: It looks, from what I read, that he wants to deal with some very current problems—he talks about corporate rigidity, the failure of the Lisbon Agenda; he talks—and this is very welcome—about making much more progress on better regulation. So he is dealing with current problems, it sounds, rather than looking to the future of Europe.

Mr Murphy: I think the danger with having a former prominent politician is that they would seek a permanent legacy and the signs thus far are entirely contrary to that—very positive. And the fact that we also have two excellent Vice Chairs is a good sign for this group. So I think we can have a degree of confidence based on the personnel but obviously the

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terms of reference. I think the worries that your Lordships may have shared about this Reflection Group have been overcome.

Lord Tomlinson: A Reflection Group, as I understand it, is supposed to be reflecting on the decade from 2020 to 2030. Do you see great utility in this when every participant in the Reflection Group, by the time their reflections are tested against the then current reality, are either dead or out of circulation?

Q57 Lord Harrison: Or in the House of Lords!

Mr Murphy: I am not sure that that is fair! The fact is that this can potentially be an important piece of work, particularly in that timeframe, because if we carried out an equivalent piece of work 20 years ago in terms of the European Union arguably it would have put us in a stronger position, particularly in respect of economic and—something we do not talk enough in terms of globalisation—cultural globalisation. So I think it is potentially a very important piece of work.

Q58 Lord Tomlinson: If we had done it 20 years ago we would have been doing it in the circumstances of a Europe that had not contemplated the Berlin Wall and the consequences that flowed from that, had not contemplated the expansion of the European Union and we would not have got any of those things right.

Mr Murphy: No, but we would have been able to position Europe as it was, as a geographic and economic entity as it was at the time, arguably in a much better position vis-à-vis competitiveness from North America. We did not do it; we should have done—on reflection we should have done.

Q59 Lord Jopling: Minister, we have talked about a Chairman and two Vice Chairmen, and it says that there were to be no more than nine Members selected from across the Union on the basis of merit. Do we have an agreement that there will be a representative of the United Kingdom on this group? If not, why not? If so, who are you going to nominate?

Mr Murphy: A very short question—I do not know the answer. The fact is that we have agreed that there will not be 27 Members; we have agreed that there will be nine Members, so there will not be a nominee for every Member State. The fact is that we have not yet taken a decision as to whether we would nominate someone; we are working with other European governments as to what the correct make-up would be. If we were to nominate someone we have made clear at the outset that we wish to see some business people on this Reflection Group. The fact that we have the ex-Chief Executive of Nokia and now of Shell as the Vice Chair is, I think, significant. But if we were to nominate someone the type of person we would be looking at would be someone like Nick Stern in terms of an environmental dynamic. We

have not taken a decision in principle to nominate or in specifics to nominate, but we have said that the Committee should reflect a business experience and someone who understands the challenge of climate change.

Q60 Lord Kerr of Kinlochard: The question I would like to ask you, Minister, is what this European Council was about, what was good in it and what was bad in it? You have answered our questions extremely well but our questions are all based on the Presidency Conclusions text, which of course was prepared in advance by the Committee of Permanent Representatives and not discussed in the Council. So we do not really know what the European Council was about. We know that the March one was about global warming and emissions control; we know that the June one and the October one were about Institutions; we know that this one definitely was not about Institutions and definitely was not about global warming—but we do not know what it was about. What was it about, what was good from the UK point of view, and what was bad from the UK point of view?

Mr Murphy: On what was it about, it was a globalisation statement; it was a specific stated public intention that Europe should prepare in the way that it has not done effectively enough in the past for where will the global economy be in 15, 20 years' time, and what should we be doing now to prepare for that? We published a Global Europe pamphlet, which I think we shared with your Lordships, and we worked very, very hard—very hard—with other governments on that Globalisation Statement. It was said it would not happen, it was said that we would meet intransigence from some specific other European capitals, and we were delighted with the outcome of the Globalisation Statement. So there is what it would be about. Also, a peculiar part of the answer is that part of what it was about was what it was not about because it was not about structures and Treaties. That is a reflection of how tired the 27 governments are with this seven-year long process; but also a statement that we have finished with the structural debate and that it has to go on to delivery. In terms of delivery, what is the mandate for delivery? The Globalisation Statement, which the UK proposed, the UK tabled and on which we got unanimous agreement. What were we less happy with? That is always more difficult. Notwithstanding climate change has been debated in previous Councils it is the pace of progress in climate change and domestic delivery on climate change. That is a personal reflection as to domestic plans for delivery of European targets, which I do not think are yet in proper shape. But they can be; the Commission is about to table its proposals on emissions and I think that may put us in a much stronger position. That

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Mr Jim Murphy, Ms Shan Morgan and Mr Adam Bye

would be my personal reflection on where I think the weakness at the moment would be.

Chairman: Thank you very much indeed, Minister. We noted the EU Declaration on Globalisation and the fact that it appears as an annex rather than right upfront as being, as it were, the agenda for the

Council meetings strikes us as a little odd. Anyway, it is an interesting statement. We thank you very warmly, you, Shan Morgan and Adam Bye, for coming along again. We will send you the transcript and we look forward to seeing you after the next Council meeting. Thank you very much indeed.

Supplementary memorandum by the Minister for Europe

Thank you for the opportunity to answer your questions about the December European Council 2007 in the evidence session on 15 January. I am writing to follow-up on this discussion and clarify issues relating to the timescale for establishment of the European Institute for Innovation and Technology (EIT).

Up to three Knowledge and Innovation Communities (KICs) will be established within a period of two years from the appointment of the Governing Board. The establishment of additional KICs will be allowed after the adoption of the first Strategic Innovation Agenda (SIA) which will be drawn up by the Commission no later than 2011. The SIA will define long-term strategic areas for the EIT and an estimate of financial needs for a period of seven years. The Commission are required to submit the proposal for the first SIA before the end of 2011, and this would need to be agreed by the European Parliament and Council under the co-decision procedure.

The legal text also proposes that the activities of EIT and KICs will be subject to continuous and systematic monitoring and periodic independent evaluation, the outcomes of which will be made public.

I would be grateful if you could pass this information to Committee Members, in particular Lord Wade, Lord Powell and Lord Dykes who were keen to have more detail on the EIT.

TUESDAY 29 JANUARY 2008

Present	Cohen of Pimlico, B Dykes, L Grenfell, L (Chairman) Harrison, L Howarth of Breckland, B Plumb, L	Roper, L Sewel, L Symons of Vernham Dean, B Tomlinson, L Wade of Chorlton, L Wright of Richmond, L
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Examination of Witnesses

Witnesses: H E MR IZTOK MIROŠIČ, Ambassador of Slovenia, MRS ANITA STANKOVIČ PAVLIČ and
Ms ANDREJA VIHER, gave evidence.

Q61 Chairman: May I begin by extending a warm welcome on behalf of the Committee to you the Ambassador of the country holding the Presidency, and to your colleagues at the table and other colleagues sitting behind. We are on the record and we will be sending you a transcript of the proceedings so that you can see that your views have been properly reflected. This session is being sound recorded. I believe you would like to start with an opening statement, so please begin.

Mr Mirošič: Thank you My Lord Chairman. My Lords, Ladies and Gentlemen, I know many of you and I also rode in the lift with some of you to the meeting. I am extremely honoured to be here in front of the EU Select Committee of the House of Lords. If I may repeat what I said at the reception in the Foreign Office when we launched the Slovenian Presidency, 2007 was a successful year because we completed enlargement with Bulgaria and Romania, my country made the first enlargement of the Eurozone and the Schengen area was enlarged to nine new member countries at the end of the year. New optimism after agreement on the Lisbon or Reform Treaty emerged and to a great extent the successful past year was also as a result of the presidency of our predecessors, Germany and Portugal, in which we collaborated for the first time in the European Union in the format of a trio. In 2008, with our Presidency, which is the first presidency of a new member country after the enlargement of 2004, there are two major challenges before the EU: these are ratification and implementation of the Lisbon Treaty and strengthening of the EU's role in the global world. Our Presidency will correspond to these priorities. If I may say so, the bulk of the priorities have been coordinated with Germany and Portugal in the so-called 18-month presidency programme but we also have our six-month special programme of the Slovenian Presidency and the priorities in our programme are: the future of the European Union and timely ratification and implementation of the Reform Treaty; a successful launching of the new

Lisbon Strategy cycle; a move forward on addressing climate and energy issues; a strengthening of the European perspective on the Western Balkans, which will probably be one of the most prominent priorities during our Presidency; and the last one is the promotion of intercultural dialogue. May I briefly reflect on these priorities? The future of the European Union. After the signing of the Lisbon Treaty in December 2007, the main task will be for the Member States to pursue efficiently and complete the ratification processes and the aim is for the Treaty to enter into force before the elections of the European Parliament in 2009. Why is this important? It is important because the Treaty itself is the basis for the EU to face new challenges. Having reached an agreement on the future of the institutional framework, the Union stands ready to face today's major challenges and to deliver the agenda of the European Union. While we are debating here, the debate in the Slovenian Parliament is going on right now on the ratification of the Treaty and it may possibly be ratified today, so we would be the second in the European Union to ratify it. We consider it also a good signal for the other member countries to ratify it since we expect that the majority of ratifications will be implemented in the first half of 2008. Again, the aim is for the Treaty to enter into force before the parliamentary election in 2009. The second priority is the second cycle of the Lisbon Strategy. The three-year cycle of the renewed Lisbon Strategy will probably start at the Spring European Council and our main task here will be a successful Spring European Council, which is traditionally a council devoted to economic affairs, timely adoption of the integrated guidelines for the growth in jobs at the Spring Council, probably as a package or at least we wish to see them as a package because this will enable Member States to implement even more vigorously the reforms needed through the national reform programmes. We believe that the renewed Lisbon Strategy is working, is starting to deliver and that no radical changes of the strategy or process are needed. The very key to success is consistent continuation of

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the process, keeping the momentum and implementation of the national reform programmes. However, we will focus on the main priorities of the Lisbon Strategy in the fields of knowledge, research, innovation, creativity, development of a competitive business environment, development of human capital and adaptation of labour markets as well as energy and climate change. For example, in the area of innovation and creativity, special emphases will be given to the use of knowledge and development of the EU Research Area, to following the work on the setting up of the European Institute of Technology and joint technology initiatives for better cooperation between research and business. In the field of entrepreneurship, the emphasis will be on the small- and medium-sized enterprises, their growth and ability to access financing. Important fields will also be the internal market, better regulation with a reduction of administrative burdens and intellectual property rights. We will also continue with activities for improving the stability of financial markets. Slovenia will also place attention on the adaptation of the labour market, particularly for the common "flexicurity" principles, further discussion on modernising the European social model and demographic changes. On the climate change and energy priorities, as you know the Commission launched its climate change energy package on 23 January. It will be dealing with the reduction of greenhouse gas emissions, a review of emission trading schemes and renewables and we expect comprehensive complex and very difficult negotiations. This package will probably be tackled by two European Councils, the first in 2008 and we hope that all Member States will be ready for constructive cooperation and decisive action. Slovenia would favour an early agreement on the package, probably towards the end of 2008 or in the first months of 2009 at the latest, since this would put the EU in a very strong position with its international partners in the debate on the post-Kyoto arrangement which will go on in 2009 in Copenhagen. The Slovenian Presidency will also continue the work on the EU energy policy dossier, meaning the liberalisation of the gas and electricity internal market, adoption of an action plan on the Strategic Energy Technology Plan regarding external energy policies. At the March European Council, the report of the High Representative for the CFSP and the European Commission on the impact of climate change on international security is also expected and we will use that as a basis for the EU policy measures proposals. The fourth priority is the European future of the Western Balkans. As you know, enlargement has been one of the most successful EU policies and stability of the Western Balkans is of crucial importance for the security and prosperity of the entire Union. Therefore development of the

European perspective for the Western Balkans should remain a central feature on our agenda and priorities in this field will be: re-affirmation and refreshment of the 2003 Thessaloniki agenda and Salzburg 2006; possible conclusion of the network of SAAs, Stabilisation and Association Agreements; consequently strengthening the regional cooperation in several areas; gradual liberalisation of visa regimes, energy, transport, research and development and the fight against organised crime. We will have an informal foreign ministers' meeting in the form of "Gymnich" in March in Brdo where we will discuss the European Commission communication on Western Balkans progress and we expect that the Western Balkans will once again be very firmly on the EU agenda. In that light the Kosovo question will be very interesting; the future status of Kosovo as well as the management of the post-status process. The European Union will need to assume a leading role here and we must try to preserve predominantly EU unity in combination with regional stability. The bases for the Presidency's work are the conclusions from the December European Council and I am sure you are familiar with them. The last priority will be intercultural dialogue. It is the European Year of Intercultural Dialogue. This dialogue is predominantly meant to take place in the member countries of the European Union. It is the foundation of the co-existence of all European citizens and different ethnic, cultural and social groups in the member countries. It is important to present the value of intercultural dialogue and multilingualism among the EU citizens and European public at large and to incorporate the positive experience of this year into the future EU policies, which means that we would like to see this dialogue limited not just to one year but probably this intercultural dialogue should be a long-term, ongoing activity of the European Union. Alongside the intercultural dialogue in the member countries, we would like to broaden it also to the countries of the Western Balkans and the Mediterranean and a special contribution of Slovenia in that light would be an initiative to establish a Euro-Mediterranean University in Slovenia, close to the city of Piran. There are several other priorities. I am sure that you will raise them in your questions. What we will focus on also are EU external relations. We will convene four summits: a summit with the United States, probably in June in Slovenia; with Russia, in Russia after the presidential elections; with Japan, in Japan. The largest one will be the fifth EU, Latin American and Caribbean countries' summit in Peru which will be devoted predominantly to two issues: one is the social agenda, poverty, inequality and exclusion; and the other one is sustainable development, comprising environment, climate change and energy. Emphasis should be on both dimensions of the European

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neighbourhood policy, this is on the eastern dimension of neighbours of the European Union and the Mediterranean neighbours with particular interest in the Black Sea Synergy Initiative and the Barcelona Process of course. We will be dealing with regional security questions and, in addition to the Western Balkans and Kosovo, the Middle East will be of importance and the post-Annapolis Process, the Iran dossier and Asia and Africa, with follow-up from the EU Africa Summit under the Portuguese Presidency. On the development cooperation agenda, in the focus will be the millennium development goals and special emphasis will be on women and children in armed conflicts. The European Security and Defence Policy, based on effective multilateralism, focuses probably on two EU missions in Chad and Kosovo. Briefly, that is everything I have to say to you. Once again, thank you very much for giving me the opportunity to present Slovenian priorities here in front of your Committee.

Chairman: Well thank you for that very comprehensive recital of your priorities. You have dealt quite extensively with one or two of the issues that we were going to raise so members of the Committee will no doubt want to ask you some supplementary questions on some of these areas that you have mentioned. I am not going to go into the Kosovo question again at this stage but it may come up in relation to Serbia. I would like, if I may, to ask Lord Roper if he would like to ask the next question.

Q62 Lord Roper: The General Affairs and External Relations Council discussed the question of the Stabilisation and Association Agreement with Serbia at its meeting yesterday and it decided not to accelerate the signature of that agreement. I wonder whether you could tell us what the Slovenian Presidency strategy vis-à-vis Serbia and its road towards EU membership is likely to be and in particular, apart from the SAA, whether any initiative will be taken perhaps this week, even before the election, in connection with the facilitation of visas and other matters?

Mr Mirošič: First, I would say that we have two aims here in the Western Balkans. As I mentioned, one is the EU perspective for the whole Western Balkans region. We would like to bring the Western Balkans onto the agenda of the European Union once again, predominantly because of the events that are going on right now in that area, including the Kosovo question. The Kosovo question basis will be the European Council conclusions for December 2007. Regarding Serbia, you know that the Presidency strives for a positive political signal towards Serbia. Serbia is an important country and its future is in the European Union. Serbia is about to have elections, it is up to the Serbian people to elect the president but

of course the interest of the European Union is for forces that will carry out further reforms and that are pro-European. Serbia has to comply with the conditionalities and one of them is the ICTY. The reality of yesterday's GAERC was that some other member countries thought that these conditionalities should be met in full. What we managed was to have the unity of the European Union send a very positive signal toward Serbia before the election. As you know, we sent a positive message with an invitation from the European Union to sign a political agreement on cooperation with Serbia. We hope that Serbia will respond positively on 7 February, that is after the election in Serbia, and this shows the readiness of the European Union to work closely with Serbia regarding its future in several areas: that is to strengthen the political dialogue with Serbia; to strengthen the free trade and economic relations with Serbia; and to work on the visa resolution for Serbia. What is particularly important is to work further in the education field, in the Erasmus Mundus programme and this is a further step we would like to see to bring Serbia closer to the European Union. The stabilisation and association process is the best tool to bring Serbia closer to the EU and we hope that Serbia will satisfy the conditions as soon as they can and sign this agreement. In the meantime, this is a positive message from the European Union to Serbia. We also set up a taskforce which will be dealing with the relations between Serbia and the Union, Serbian cooperation with ICTY and exploring ways for Serbia to come as fast as possible to the European GAERC. In fact we have had a visa facilitation agreement with Western Balkan countries since 1 January and the next stage, to which the Presidency is very committed, is for the Commission to launch their dialogue with Serbia at the end of this month, on 30 January, regarding the visa operation for Serbia. Serbia has always been a European country and what is particularly important is that people who feel part of Europe have possibilities to communicate with the European member countries to which they naturally belong.

Chairman: Let us move on then, still on enlargement, to Croatia.

Q63 Lord Dykes: In your presidency briefing document on page five, paragraph two, you refer to enlargement negotiations and the discussion continuing during the Slovenian Presidency; obviously the two mentioned are Croatia, a much smaller place, and then the very special situation of the future of Turkish membership, depending on what happens. We had a Committee session on 1 May last year when His Excellency, the Croatian Ambassador gave evidence. He actually said in a very fitting comment "We really do look forward to the Slovenian Presidency. It is always good to have a

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friend in the Presidency". So obviously it sounds as though relations are pretty good between the two countries. Can you bring us up to date on Slovenia's attitude towards future Croatian membership and how that is proceeding?

Mr Mirošič: First, I would say that Slovenia and Croatia are friendly countries. We have never fought a war between ourselves in history and we strongly support Croatia on the path towards the European Union. It is one of our most important trading partners as well. Croatia's future is definitely in the European Union and we will try to make progress in the negotiation process with Croatia but many things will depend, of course, on the Croatian side and the Croatian Government. For example, in the fields of judicial and administrative reforms, the fight against corruption, minority rights, refugee return are all tasks for the Croatian Government because candidate countries that are negotiating should meet all the criteria or conditionalities and these are the conclusions from the European Council December 2006. Further, I have to say that Slovenia does not want to mix the bilateral problems with the European Union negotiations on Croatia, but Croatia has to make more effort towards good neighbourly relations and resolving bilateral problems with all its neighbouring countries and this refers also to the border issues. Once again, Slovenia does not want to mix bilateral border issues with EU negotiations. Sometime in the summer we had the informal agreement in principle of the prime minister to think about, to refer these border questions to the third party, but unfortunately something not very pleasant for Slovenia, for the EU and for Croatia happened in the meantime and this was the implementation of the Croatian fishery and ecological protection zone. Why was this not very pleasant? Because Croatia had committed itself in 2004 and signed in the presence of the European Commission, the agreement between Croatia, Slovenia and Italy that this zone would not be implemented for EU member countries pending a mutually agreed solution. This was then incorporated into the June 2004 European Council conclusions and this was a part of the negotiating framework for Croatia as well. Despite this European commitment, Croatia unfortunately implemented the zone on 1 January 2008 and this caused quite a lot of problems, not problems between Slovenia and Croatia, but a problem between the EU now and Croatia and the dialogue is going on between the European Commission and Croatia. Slovenia—and probably Italy but I can only speak for Slovenia—is willing to have further dialogue on the topic, but Croatia first has to fulfil the agreement from 2004. That means that it has to erase the validity of the zone so that we can start the talks according to the agreement we reached in 2004. Do not forget that a condition of this agreement in 2004 was that

Croatia would obtain the candidate status and, unfortunately, I have to say that sometimes we have a problem with credibility here because a signed agreement has to be respected, particularly if a candidate country would like to fulfil European Union commitments. I will repeat once again, Croatia is a good neighbour, we support Croatia, we hope that the Croatian Government will remove that particular obstacle that is in the way and that the Croatian Government will fulfil all the needed reforms so that Croatia will swiftly become a member of the European Union.

Chairman: Thank you very much. The Ambassador has told us in some detail about what he is planning to do on the Lisbon Strategy. If Lord Harrison and Lord Wade have some supplementaries they would like to put on this, please do go ahead.

Q64 Lord Harrison: Ambassador, you mentioned the Spring European Council and that the second cycle of the Lisbon Strategy will be initiated, but does that not imply that the first cycle was not as entirely successful as the Presidency has said in terms of developing jobs and being successful? I wonder in your analysis what it was you thought was less successful the first time which it is then desirable to have in that second cycle. With respect to the four priorities that you set, could you give me some good examples within the period of the six months of the Slovenian Presidency, how a small business might expect an improvement in the business environment or in the research and development that might aid and abet such small businesses to be successful within the single market and therefore demonstrate that the Lisbon Strategy is successful?

Mr Mirošič: We see the first cycle of the Lisbon Strategy as a successful one and that was the report of the European Commission as well. The strategic report on the Lisbon Strategy issued in December 2007 reports a success achieved at the EU level and the EU average economic growth reached 2.9% in 2007. In the last two years, almost 6.5 million new jobs have been created with the prospect of another five million to be reached by 2009. Unemployment, again EU average, is expected to fall to under 7% which is the lowest level since the mid-1980s and the employment rate is currently at 66% and is moving in the direction of the overall Lisbon target, which is 70%. All the above-mentioned success is not just cyclical. It is also due to the structural changes that countries completed according to their national programmes to carry out Lisbon reforms. At the beginning the Lisbon Strategy was to have a single period up to 2010 and then it was decided that we should have a review after each cycle of the Lisbon Strategy, which is why we have a review now and why we have to launch a new Lisbon cycle, predominantly because of new priorities; not entirely new ones,

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because we will have to stick to those set out, but where new emphases on the priorities will be put in which will reflect the Slovenian Presidency's priorities. Small and medium enterprises are one of them and their development is connected to all the areas that are priority areas of the Lisbon Strategy: research; development; innovation; and a very important so-called Eurostars programme that will enable small and medium enterprises, their financing and accessibility to the research facilities here. It is connected also to the European Research Area, joint technology initiatives and the European Institute of Technology. If I may say so, in addition to that is a second area which is important as well and this is enhancing competitiveness, the area of competitive and business-oriented society. Here an important one is entrepreneurship and industrial policy. In the focus of our Presidency the second cycle that will be launched is the support for small- and medium-sized enterprises and growth of the support in order to allow them to develop their full potential. As I already mentioned, this is the potential predominantly to be connected with the Research Area, better coordination between the small and medium enterprises and the Research Area. I do not know whether you are aware that the French have launched another initiative. This is to focus the legislation at the European level on the small- and medium-sized enterprises and this legislation would regulate government procurement following the American pattern. I mentioned Eurostars for the small- and medium-sized enterprises, but we shall focus on the financing of the SMEs; this is venture capital and access to clusters as one of the means of access to the research institutions, as I already mentioned, and better regulation is connected to the SMEs. You will be aware that there is a 25% reduction in regulation at the EU level and that will be the focus here.

The Committee suspended from 4.53pm to 5.00pm for a division in the House.

Q65 Baroness Howarth of Breckland: I want to talk about the priority you have for intercultural dialogue. You obviously see this as extremely important and particularly during your Presidency you have the European Year of Intercultural Dialogue. I was interested in what you said about wishing to continue it, because many of us see that as part of what should be intrinsic in the European Union. How would you see that being embedded? What plans does the Slovenian Presidency have for EU action in this area? As you talked quite a lot about the Western Balkans and your priority there, how does the Presidency intend to promote intercultural dialogue with them in particular? Will your initiatives be complementary to and coordinated with the United Nations?

Mr Mirošič: Intercultural dialogue. The idea behind this is promotional dialogue between cultures, beliefs and traditions and it is focused predominantly on the different cultural, religious, ethnic and other groups in the societies of the member countries. That was the original idea. That is why it is called the European Year of the Intercultural Dialogue because this is the year that the European Commission will, together with the member countries, be very active on this. It is the Presidency's idea to broaden it to the Western Balkans. In that light, we set up a special Centre for European Perspective, which is a non-governmental organisation in Slovenia. Together with the Centre for European Perspective, we have already convened and we will convene a number of conferences which will tackle this intercultural dialogue, for example, *Inter-ethnic and Inter-religious Relationships in Kosovo* building bridges of understanding and collaboration. The next conference will be *Intercultural Dialogue and Democracy Spreading*. Then there will be a seminar on *Muslims and Citizens of the West* in February in Ljubljana and there will be a formal meeting of the representatives of the European cultural focal points in Ljubljana on the topic of *Intercultural Dialogue between South-east Europe and the European Union*. Why Western Balkans? Because the Western Balkans is a particularly sensitive area with different cultures and the coherence of different cultures in the area. So co-existence and cooperation in diversity is the key element for the stabilisation of the area but not just for the stabilisation, it is also very important in the fight against organised crime and the fight against terrorism as well and that is why the Presidency interlinked the Western Balkans with the European Year of the Intercultural Dialogue. Every country has a national strategy for the intercultural drive, including Britain; Britain has some projects as well. There will be a multitude of events, projects, people-to-people contacts, workshops that will go on in member countries. The idea is to engage predominantly non-governmental organisations and civic society. We will convene a lot of events in Slovenia: for example, an international conference, *Intercultural Dialogue as a Basic EU Value* that was in Ljubljana starting the Year of the European Intercultural Dialogue; there will be a conference, *Europe, Wars and Humanism in the 21st century* in April in Ljubljana; then a conference *Foreign Policy of the EU and Culture* in May in Ljubljana; a Unesco conference *Intercultural Dialogue: the Role of Education in Slovenia, Education of the Roma Population in Europe*; then a project, *Europe in the School*, which is co-financed with the European Commission; then a youth project, *Creative Thinking*. Then there will be different European projects: *Alter Ego*; radio content; intercultural dialogue; *Project Stranger*; a lot of activities going on

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focused on the mobility of the researchers as well and artists. The European Commission last year named 15 ambassadors for the European Year of Intercultural Dialogue, so they are European ambassadors to boost this dialogue in the member countries. Of course the Presidency closely coordinates its activities with the relevant European, international and also global actors, for example, with Unesco in the framework of *European-Arab Dialogue on Civilisations*, with the United Nations in the framework of the initiative on alliance of civilisations and you are aware that the first annual forum just ended on 16 January in Madrid.

Chairman: That is a very extensive list. Are you satisfied now that the United Nations is involved?

Q66 Baroness Howarth of Breckland: I assume what you are saying is that you will want this coordinated through the countries and then cascaded from the representatives that you have at your conferences.

Mr Mirošič: Yes, the basic idea is that the bulk of the activities is going on in the member countries; every member country has a national strategy and that is the idea.

Q67 Lord Sewel: Very quickly on climate change, one of the four priorities of your Presidency, it is fair to say though an area where aspiration has run ahead of implementation, in some areas at least. The Commission published its energy and climate change package last Wednesday; obviously a lot of involvement and lobbying by Member States, really about the levels of targets for renewables. You are going to have a difficult time there. What do you think the main issues are, and how much progress do you think you will make? Also finally, I did notice that you said on fishing that you want to tackle the issue of illegal, undeclared and unregulated fishing. Best of luck. I made myself pretty unpopular in Scotland by trying to tackle that.

Mr Mirošič: We have to tackle it. Fish stock worldwide is going down so the European Union has to be an important actor in that field. Regarding energy and climate change, we welcome the presentation of the package by the Commission. Of course now all the member countries are in the process of studying this package. As I already mentioned, we expect very tough negotiations. We will start a debate at all EU levels; that means all relevant working groups, council formations, including the European Council. What do we expect here? In the Spring European Council we would probably adopt very general conclusions to streamline the debate which will probably be discussed in more detail at the June European Council. I think it would be far too pretentious to say that we will conclude this dossier and it will be passed on to the French Presidency with the hope not just for

the member countries but the whole European Union that the benefit of the work will be passed by the end of 2008/early 2009. Why? Because of the role model of the European Union in the post-Kyoto negotiations, if we want to lead the debate, then we have to have a consensus inside the European Union.

Q68 Lord Wade of Chorlton: What would be your policy if Russia attempts to buy a major European energy company? You are in charge. What are you going to do about it?

Mr Mirošič: The Presidency will streamline the debate in the framework of the external energy policy. As you know, we have two poles to the energy debate. One is an internal one which is internal market debanding and all this kind of stuff. The other one is external action and we hope that there will be unanimity in the European Union. However, it is very difficult to say because it is a hypothetical situation. Our role is just to coordinate member countries but the views on this are very different for the time being. What we will do is to put emphasis on the debate to come out of the resolutions, but it would be very difficult to say in advance how we would tackle that. There is a proposal from the European Commission and, of course, we will carry out the debate on the basis of the European Commission proposals regarding ownership of the foreign energy players.

Chairman: A very diplomatic answer Ambassador, thank you very much. I would like to move on to some of the other big issues of external border protection and legal migration.

Q69 Lord Tomlinson: May I link these two together: external border protection, trying to prevent illegal migration, and then look at the legal migration question as well? Your justice and home affairs programme involves debates and broader discussions on border security, the EU Surveillance System, entry/exit system, registered traveller programme, all those things. What I am particularly interested in is how the Presidency will ensure that national parliaments and the public that we represent are engaged in that discussion which really is of great interest to our parliaments and our peoples. Linked with that, just a quick word from you perhaps about how you propose to take forward the Commission proposals on legal migration and I do not need to describe them to you.

Mr Mirošič: No. We are looking forward to three communications on the topics you mentioned regarding external border protection which will be put in front of us, probably in February, by the Commission. These are FRONTEX, the frontier entry and exit system, border surveillance and this will also be the basis for the discussions to be held probably at the ministerial conference on the EU

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external border in March. We hope that there will be a result from this conference with many useful recommendations and that it will pave the way for future work, but our future work is to prepare Council's conclusions, political guidance and, of course, one of the tasks in the future debate will be to take note of the opinions of the legislative institutions and this is both European and national parliaments. The national parliaments will be able to explain their views regarding the initiatives probably through national parliamentary procedures and then reflecting the debate in the Council. So national parliaments will be involved in that.

Q70 Lord Tomlinson: Do you anticipate that these proposals will come to national parliamentarians at the same time as they enter into your arena for discussions?

Mr Mirošič: You know how the system of the EU works.

Q71 Lord Tomlinson: I know how, in the discussion on the Lisbon Treaty, we said it should work.

Mr Mirošič: It will work. The procedure is known. The Commission presents the proposal, it is debated by the governments and governments have to report back to the national parliaments. In Slovenia that national parliament has to confirm the negotiating position of the government. If I may tackle legal immigration, this month we have launched a discussion in the Council on both proposals, that is a blue card and the rights of the third-country workers. We will make efforts to finish the first reading in the Council of both directives. We welcome the so-called blue card because this will make Europe a more attractive working destination for highly qualified workers. We intend to complete the first reading at the expert level by June, drawing up a list of issues that are simple and a list of issues that are more problematic and on such a basis probably the next Presidency will be able to start negotiations between the member countries. Negotiations will probably proceed in parallel. The emphasis will probably be on the blue card because it is a shorter one and we can conclude it faster. The main challenge of this proposal is to find the right set of rights of third-country workers to ensure their equal treatment and facilitate their mobility in the labour market. We expect the majority of changes to come here.

Q72 Chairman: I understand the Dutch are not all that happy with the administrative procedures. Have you had any further information on what their real problems are with the blue card?

Mr Mirošič: Not yet. It is still being debated.

Chairman: It probably concerns the level of freedom given to blue-card holders to seek work and to settle in third countries. It is an interesting idea and we will

see how it works out. Thank you very much indeed. Lord Wright of Richmond.

Q73 Lord Wright of Richmond: Ambassador, apologies if I missed it but I do not think you mentioned civil and criminal justice in your introduction among your many priorities. I have read with interest the points about civil and criminal justice on page 15 of your presidency programme. Do you have anything you want to add to that?

Mr Mirošič: I expected the question regarding justice because it is very important. What are the Presidency priorities in that field? First of all, I have to say that we had a formal meeting of the Ministers of Home Affairs and Justice in Ljubljana on Friday and Saturday including discussion on justice matters and judgments *in absentia*, maintenance obligations and other things. However, our priorities are, first, E-Justice, this means more effective court access. This E-Justice is a common priority of the trio—Germany, Portugal and Slovenia—and we will continue the work done during the Portuguese Presidency with the aim of making this E-Justice portal efficient. The agreement on Saturday among the justice ministers was that we will probably launch it in the next 24 months. Then we will endeavour to create conditions for interoperability or interlinking of the existing electronic registers. As a matter of priority we will concentrate on achieving progress in making videoconferencing operational among member countries and also creating conditions for networking of electronic registers. We hope to start preparations for the use of information technology for the European payment procedure as well and in June 2008 in Slovenia we will convene an IT conference called E-Justice and *E.Law* to take an overview of the European Commission priorities on E-Justice and a further proposal regarding that one. On the side of the family law, maintenance obligation and regulation proposal, we aim to achieve as much progress as possible and to reach agreement on many chapters of this regulation. We will endeavour to resolve the open questions here, in particular the application of the regulation and the inclusion of the protocol of applicable law into the regulation, but we expect some talks still to go on regarding that one. On Rome III matrimonial matters or divorce matters, we will strive to solve certain open questions like the non-application of foreign law, conflict of law rules, bilateral and multilateral agreements. We will endeavour to finalise it at the June Council but one member country in particular has problems with that one and we hope that we will have resolved it by June. The priority will be the enforcement of *in absentia* judgments and we hope that we will achieve adoption of the Act by the end of the Presidency. I am rushing through the priorities because of the time constraints. The future of Eurojust. We will strive for significant

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progress here but of course, we will start the discussion on harmonising the competences of the national members of Eurojust but we are expecting some debate. Protection of the environment through the criminal law is a very important field. On harmonisation, states will keep their competences to prescribe criminal sanctions here but we will start to reach political agreement in the Council in February 2008 and we will endeavour to adopt it in the first reading. That is it, very briefly because of the time constraints; otherwise I could talk for hours.

Chairman: That is very helpful. I should tell you, Ambassador, that of course, if there are other things you would have wished to have told us in answer to our questions, if you were to write us a letter adding any points that you were not able to make because of time constraints, we would be happy to publish them alongside the transcript of the evidence that you have given.

Q74 Lord Roper: You probably know that our Committee is preparing a report on the Lisbon Treaty and we see that in it are a number of things that will have to be settled before it can come into operation. I wonder whether you can tell us what work the Presidency has undertaken to make sure that, assuming it is ratified, everything is ready to work on 1 January 2009?

Mr Mirošič: The first priority is ratification; that is the priority of Slovenia. However, if you would like to see the Treaty in force by 1 January 2009, some preparatory work has to be done and this means very technical preparatory work. We identified some open questions in the context of this preparatory work. It is very, very technical work—I repeat technical and while we are doing this, this is in accordance with the European Council December Conclusions saying that the technical work will start in January on the basis of a work programme which will be presented under the authority of the incoming President of the European Council. We have noted some technical areas that need work and since we expected it to be a very comprehensive process, going on for the whole of 2008, we will limit ourselves to this many-dimensional technical preparatory work. Permanent representatives and legal experts have already started examining the technical areas concerning

implementation. The process will be conducted under the direct supervision of the European Council and within a single framework, but still, I repeat, we will limit ourselves to very technical things.

Q75 Lord Roper: Some of the issues connected with the development of the external action service which may be technical are seen by some as technical but may be seen as political by others, as the debate in the Constitutional Committee of the European Parliament last week seems to have indicated.

Mr Mirošič: I can just say that talks are going on regarding the external action service and I cannot be more specific regarding that one. I understand your question that it is also a political one but we are limiting ourselves first to extract the issues that are of a technical nature. Talks are going on regarding the full service and they will continue under the next Presidency as well.

Q76 Chairman: Ambassador, you have been very generous with your time and given us extra time and we have managed to finish just before the division is called. On behalf of the Committee, may I thank you for being with us and thank you very much for all the interesting information you have given us. It is very helpful to us to know what the Slovenian Presidency's priorities are and it helps this Committee in planning its work programme. We do wish your Presidency well and we are all very conscious of the fact that you are the first of the 2004 intake to undertake this major responsibility. The country was well chosen and we have great confidence that you will in fact achieve a lot. No country ever achieves everything during its Presidency, but the way you have prepared for it is very impressive and so we wish you very, very well and have high expectations. Thank you so much for coming.

Mr Mirošič: If I may just, My Lord Chairman and members of the Committee, thank you very much once again for inviting me here. Thanks for the best wishes you have expressed; along with best wishes we shall need a little bit of luck during our Presidency as well. I am always open to any questions from members and I am a very close neighbour of yours in Westminster so whenever you feel the need, I am here for you.

Chairman: Thank you very much indeed.

Supplementary evidence from H E Mr Iztok Mirošič, Ambassador of Slovenia

ENLARGEMENT

KOSOVO

1. *The Western Balkans is one of the Presidency's priorities. Kosovo is expected to be a thorny issue in the coming months. What actions does the Slovenian Presidency plan to take if the Kosovo Parliament declares independence?*

- We see Kosovo as a European problem that needs a sustainable solution that should contribute to the regional stability. We will act following the guidelines contained in the European Council conclusions of 14 December.
- The aim of the EU is a stable, viable, peaceful, democratic and multi-ethnic Kosovo, contributing to regional cooperation and stability, on the basis of good neighbourly relations. It will be of a key importance to ensure that Kosovo remains committed to the rule of law and to the protection of minorities and of cultural and religious heritage, but also to the international presence, which would supervise and oversee the authorities under the conditions of the new status.
- If/when independence is declared the EU must ensure stability and security in Kosovo. ESDP Mission is going to play a vital part in that.

SRBIJA

2. *On Monday 28 January the Council discussed the possible signing of the Stabilisation and Association Agreement with Serbia. Do you think that the results of the first round of the Presidential elections in Serbia (on Sunday 20 January) had a bearing on the Council's decision taken on Monday? What is the Slovenian Presidency's strategy vis-à-vis Serbia and its road towards EU membership?*

- It is clear that the EU will respect free and fair elections in Serbia.
- We have expressed our hope that the outcome of the second round of the Presidential elections will strengthen the reform and pro-European oriented forces in Serbia.
- The Presidency is ready to support Serbia on her European course.
- We are confident that the entry into force of the Visa facilitation and readmission agreement between the EU and Serbia (1 January 2008) and the launch of the visa dialogue (foreseen for 30 January) will increase EU visibility in Serbia and support Serbia's European vocation.
- The EU will continue to strongly encourage Serbia to create the conditions necessary for a rapid signing of the Stabilization and Association Agreement (SAA) and leading towards the candidate status. It is in the hands of Serbia to fulfill these conditions.

GAERC yesterday proposed a Political Agreement on co-operation between EU and Serbia, providing a framework for making progress on political dialogue, free trade, visa liberalisation and educational co-operation, to be signed 7 February.

HRVAŠKA

3. *What is your position on Croatia's membership of the EU? Your relationship with Croatia has, to some extent, been defined by disagreements over maritime areas and fishing rights ever since the break-up of Yugoslavia. How far have the two countries gone to resolve these issues?*

- Croatia's future is in the EU. During our Presidency, Slovenia will try to reach overall progress in the Croatian negotiation process.
- However, much more has to be done especially in the fields of judicial and administrative reforms, the fight against corruption, minority rights and refugee return in order to meet the accession criteria.
- Furthermore, Croatia has to make more efforts towards good neighbourly relations and enhance efforts to find definitive solutions to all pending bilateral issues with all of its neighbours, among them those referring to the border issues.

- The latest developments regarding the Ecological and Fisheries Protection Zone show that Croatia does not honour its assumed EU commitments. In this case Croatia has been acting contrary to the EU documents, including the December 2007 GAERC conclusion. We are ready for the talk under the condition Croatia suspends the application of the Zone to EU Member States. We agree with the Commission that if this issue remains unresolved, it will have negative consequences on the accession negotiations.

LISBON STRATEGY

4. *The second cycle of the Lisbon Strategy will be launched at the Spring European Council. The Presidency has stated that “the Strategy is starting to deliver benefits in terms of increased jobs and growth” and that more focus will be dedicated to implementation. Could you offer an outline of the benefits that the Lisbon Strategy has produced so far and what you plan to do during your six months at the helm to promote the goals of the Strategy as set out in the four priority areas of the Lisbon Strategy (investment in research, knowledge and innovation, development of a competitive business environment, adaptation of labour market and response to demographic challenges, as well as energy policy and climate change)?*

- The strategic report on Lisbon Strategy issued in December 2007 **reports significant success achieved at EU level:**
 - **economic growth** (EU average) reached **2.9%** in 2007;
 - in the last two years almost **6.5 million new jobs** have been created, with a prospect of another **5 million to be created by 2009**;
 - **unemployment** (EU average) is expected to **fall to under 7%**, the lowest level since the mid-80’s. The employment rate is currently at 66% and is moving in direction of overall Lisbon target of 70%.
- All the above mentioned success is not only cyclical but also due to structural changes that were caused by Lisbon reforms.
- During the next six months Slovenia will focus on the content that best corresponds to the challenges of globalization which the EU has to confront.

In Research, Development and Innovation: Slovenia will stress the following issues:

- Innovativeness—creation and use of knowledge: European Research Area—ERA, Joint Technology Initiatives—JTI, European Institute of Technology—EIT.
- Development of world class research infrastructure with the connection of financial means of research programmes: 7th FP (Framework Programme for Research and Technology), CIP (Competitiveness and Innovation Framework Programme), structural funds and national resources.
- Openness of research infrastructure for SMEs (in this respect we will work on EuroSTARS, the initiative based on article 169).

EuroSTARS—The Eurostars Programme is the first European funding and support programme to be specifically dedicated to SMEs. Eurostars will stimulate them to lead international collaborative research and innovation projects by easing access to support and funding.

A Eurostars project is a European research and development project. It can address any technological area, but must have a civilian purpose and be aimed at the development of a new product, process or service. A Eurostars project is collaborative, meaning it must involve at least two participants (legal entities) from two different Eurostars participating countries. In addition, the main participant must be a research-performing SME from one of these countries.

- Include other neighbouring regions: Western Balkans. We propose a special award (named Herman Potočnik Noordung—the event will take place in June) for donation of research equipment.
- **European Institute of Technology (EIT)**—Slovenia will the dossier forward the implementation. We do not want delays in the implementation stage.
- **Development of European Research Area (ERA)**—Slovenia will be dealing with defined implementation acts for establishment of ERA, especially in the given areas:
 - EC Communication on Partnership for a European researchers’ passport for mobility and career development.
 - EU Charter for Intellectual Property management by public research institutions.

In terms of enhancing competitiveness of the EU: Slovenia will stress the following issues:

(a) **Entrepreneurship and industrial policy**

SMEs and growth support in order to allow them to develop their potential. Enough has been made for the start-ups thus it is time to go forward. In this respect we will focus on access to financing (venture capital) and access to clusters as one of the means of access of SMEs to research infrastructure.

(b) **Better Regulation**

Continuation of activities for reduction of administrative burdens and faster simplification procedure.

- First strategic report on progress of better regulation (January/February 2008) will bring progress report on reduction of administrative burden for 25% until 2012 and progress report on impact assessment; Spring European Council 2008 will be reporting on progress made.

(c) **Internal market**

- Slovenia will promote an active approach to Internal Market policy which empowers consumers and delivers concrete results for EU citizens.
- Internal Market Review on future internal market policy will be included into Spring European Council Conclusions 2008.
- Technical dossiers (so called goods package)—on these dossiers Slovenia can deliver good results: we could finish them in first reading.

The harmonisation of technical requirements for products at EU level has proven to be the optimal means for the elimination of technical obstacles to trade. In this respect, the directives of the “new approach” play an important role in the creation of the internal market, as they include the majority of products marketed in more than 20 industrial sectors across the EU. The “new approach” concept is based on mutual trust between all parties, so the new regulation ensuring a common and transparent legal framework for accreditation and market control will strengthen the mutual trust of the parties. It should also be pointed out that small and medium-sized enterprises will profit from the regulation, as it will ensure a more favourable legal framework for their operation.

(d) **Intellectual property**

- The Slovene Presidency will prioritize finding a solution to the patent litigation.

In the field of labour market we will focus on modernizing the social model:

We have identified **three key topics** in the scope of employment and social policy issues within the Lisbon strategy:

- First is the **link of the new flexicurity concept with youth issues**. We would like to look for the ways of practical implementation of the flexicurity strategies in order to improve the economic and social position of young people.
- Second is further modernization of the European social model. This will be taken in the context of the upcoming **Social Reality Stocktaking report** which will be a snapshot of Europe’s changing social reality, examining social trends and their implications and drawing out key issues and challenges for Europe at all levels of governance. It will also contribute to the **mid term review of the social policy agenda**.
- The third are the **demographic changes** which we are facing in the scope that we have not witnessed before. Within this we are planning to give special emphasis to intergenerational solidarity.

INTERCULTURAL DIALOGUE

5. *One of the priorities of your Presidency is the promotion of the dialogue between cultures, beliefs and traditions in the context of the European Year of Intercultural Dialogue. What plans does the Slovenian Presidency have for EU action in this area? How does the Slovenian Presidency intend to promote intercultural dialogue with the Western Balkans? Will your initiatives in this area be complementary to, and coordinated with, similar activities undertaken in the framework of the United Nations?*

- The idea behind the intercultural dialogue is promotion of a dialogue between cultures, beliefs and traditions, in particular with the countries of the Western Balkans.

- Coexistence and cooperation in diversity is the key element for freedom, peace and prosperity, especially in the Western Balkans region.
- The Presidency's activities are closely linked to the European Year of Intercultural Dialogue. They comprise among others a multitude of events, projects, people-to-people contacts, workshops and fora.
- To include the civil society has been an important element of the Presidency's strategy. In this context the Presidency closely coordinates its activities with the relevant European and international actors, inter alia with the UNESCO and other bodies of the United Nations.

6. *Your Prime Minister has said the Barcelona Process (Euro-Mediterranean partnership) must be strengthened: how? We were interested to learn that a special Slovenian contribution in relation to intercultural dialogue will consist of an initiative to establish a Euro-Mediterranean University in the city of Piran. What will be the objectives of the university? Do you see a role for it in building closer ties between the EU and its partners around the Mediterranean in the field of higher education?*

- The Barcelona Process, being at the centre of EU relations with the Mediterranean countries, is evolving in content and growing in membership incessantly striving for a better life for people in the Mediterranean.
- Following the programme for Slovenia will—among other events on important issues—organise three EuroMed ministerial meetings, namely: on information society (Egypt, 26–27 February), on tourism (Morocco, 3–4 April), and on culture and cultural dialogue (Greece, 29–30 May).
- As the Barcelona Process is a comprehensive, holistic partnership it is sometimes faced with certain impediments. Initiatives at subregional level or focused on a topic (such as Dialogue 5 + 5 (Foreign Ministers of Algeria, Libya, Morocco, Mauritania, Tunisia + Spain, France, Malta, Italy, Portugal), Foromed (Members: Algeria, Egypt, France, Greece, Italy, Malta, Morocco, Portugal, Spain, Tunisia and Turkey), etc.)—while taking into account the already existing forms of cooperation and institutions—can help develop a certain aspect which in return has a positive impact on the partnership as a whole. The Slovenian Presidency is following the evolvement of these and other initiatives in view of strengthening the political, economic and cultural ties between the EuroMed countries.
- The year 2008 is also the EuroMed year of dialogue between cultures and in this context the Slovenian government ascribes great significance to the establishment of a Euro-Mediterranean University with its seat in Slovenia.
- The main reason for establishing such an international institution is the need for the convergence of European, Islamic and other cultures by drawing inspiration from the cultural, religious and humanist inheritance of the Euro-Mediterranean area, and to provide support for all three pillars of the Barcelona Process.
- It is expected that the University will operate and play a role of utmost importance within the framework of the Euro-Mediterranean Partnership and the European Neighbourhood Policy, not just as a “course-provider” but also as a meeting point for all the students, professors and experts of the region.
- Further activities are underway and the solemn inauguration of the Euro-Mediterranean University is planned for 9–10 June 2008 in Slovenia.

The Euro-Mediterranean University will primarily be an international institution for postgraduate studies and research projects focused on Mediterranean themes:

- immigration and security;
- logistic management and transportation;
- the Euro-Mediterranean economy and foreign trade;
- knowledge management;
- the history of the Mediterranean and intercultural dialogue;

- tourism and the management of cultural destinations;
- environmental sciences;
- agriculture and fisheries;
- sustainable development; and
- legal sciences (international law, law of the sea).

ENERGY/CLIMATE CHANGE

7. *Your government has indicated that the energy and climate change agenda is one of the four priorities for its Presidency. The Commission published its energy and climate change package last Wednesday (23 January). Press reports suggest that Member States have already lobbied the Commission a lot on this package, focusing notably on the level of targets for renewables, which suggests that the package is not in for an easy ride through the European institutions. What progress do you foresee that you may be able to achieve on this package during your Presidency?*

- The Slovenian Presidency of the EU Council welcomes the presentation of the climate and energy package by the European Commission. The legislative package has been eagerly awaited. It aims to translate into practice the European Union's political commitment, as undertaken by EU leaders last March, to turn Europe into a low-carbon, highly energy-efficient economy.
- The Slovenian Presidency will study the package very carefully and start a debate on it at all levels straight away, with the aim of arriving at a framework for future work and obtaining the first tangible results of the debate as soon as possible.
- We are counting on the constructive approach and support of the Member States and the European Parliament leading to final adoption of the package by spring 2009 at the latest.

JUSTICE

8. *What are the priorities of the Slovenian Presidency in the areas of civil and criminal justice?*

E-JUSTICE

- E-justice is a common priority of the trio and one of the top priorities during the Slovenian Presidency in the field of judicial cooperation.
- We will continue the work achieved during the Portuguese Presidency on the architecture of E-justice portal.
- We will endeavour to create conditions for interoperability of existing electronic registers.
- As a matter of priority, we will concentrate on achieving progress in making video-conferencing operational among Member States. We will work on creating conditions for networking of land registers.
- We hope to start the preparations for the use of IT for the European payment procedure.

MAINTENANCE OBLIGATIONS REGULATION PROPOSAL

- The proposal is one of the main priorities of the Slovene Presidency.
- Slovenia aims to achieve as much progress as possible and to reach agreement on many chapters of the Regulation.
- The Slovene Presidency will endeavour to solve the open questions, in particular the application of the Regulation and the inclusion of the protocol of applicable law into the Regulation.

ROME III—MATRIMONIAL MATTERS

- During the Presidency, Slovenia will strive to solve certain open questions (the non-application of foreign law, conflict of law rules, bilateral and multilateral agreements).
- Since Rome III is a very short regulation, Slovenia will endeavour to finalise it on the June Council.

ENFORCEMENT OF *In Absentia* JUDGEMENTS

- The framework decision on the enforcement of *in absentia* judgements will be one of the top priorities in judicial cooperation during the Slovenian Presidency.
- With this initiative, Slovenia endeavours to upgrade and improve the existing instruments of cooperation between the Member States and their implementation.
- We will strive to achieve the general approach in the Council and, by the end of the Slovenian Presidency, we hope to achieve the adoption of the act.

FUTURE OF EUROJUST (amendments to the Decision on Eurojust)

- The Union's cooperation in criminal matters has developed considerably since the creation of Eurojust and will continue to evolve in the future.
- In this regard, the structure, its organisation as well as the competences of Eurojust need to be adapted to the increased European judicial area and to a changed legal framework for that area.
- **The Future of Eurojust initiative will be one of the priorities during the Slovenian Presidency** and we will strive to make significant progress.
- The work of the Slovenian Presidency will focus on upgrading the existing legal base for the functioning of Eurojust and harmonising the competences (equalising them) of national members.

PROTECTION OF THE ENVIRONMENT THROUGH CRIMINAL LAW

- The cross-border element of environmental crime calls for firm Community action. Therefore the Directive is of particular importance for efficient protection of the environment on Community level.
- The procedure for the adoption of the directive is co-decision; therefore the status of the directive during the Slovenian presidency depends also on the outcome of the discussions in the EP.
- Slovenia will strive to **reach the political agreement in the Council in February 2008** and will endeavour to attain the adoption **in the first reading**.

EXTERNAL BORDER PROTECTION

9. *We note the Presidency's JHA programme emphasises ensuring extensive debates and broad discussions on the use of modern technology and information systems in the area of border security (EU Surveillance System, entry/exit system, registered traveller programme). How will the Presidency ensure that national parliaments and the wider public are fully involved in these discussions?*

- The Slovenian Presidency is looking forward to three Communications on these topics to be published by the Commission until the end of February.
- These are: FRONTEX, a entry/exit system, a border surveillance system.
- They will represent the basis for the discussion to be held at the ministerial conference on the EU External Border in March. We hope that the discussions there will result with many useful recommendations and eventually pave the way for further work:
 - to prepare Council conclusions providing political guidelines; as well as
 - to note the opinions of the legislative institutions (European and national parliaments) performing democratic control over the work of the Council.

LEGAL MIGRATION

10. *How does the Presidency intend to take forward the Commission proposals on the EU blue card system for highly skilled workers and on a common set of rights for third country workers? Does it see these proposals as interlinked and will negotiations proceed in parallel? What does the Presidency see as the main challenges with regard to these proposals?*

- This month, we have launched a discussion in the Council.
- Slovenia welcomes the so-called "EU blue card" and believes it will make Europe a more attractive work destination for highly qualified workers.

- During our Presidency we shall launch a discussion on the framework Directive on a common set of rights for third-country. We intend to complete the first reading at the expert level by June, drawing up a list of issues that are simple and a list of issues that are problematic. On such a basis, France will be able to start serious negotiations between the Member States and the Parliament on possible final solutions.
- Negotiations will proceed in parallel in WG Migration; the emphasis will be on highly skilled workers.
- The main challenge of these proposals is to find the right set of rights of third-country workers to ensure their equal treatment and facilitate their mobility in the labour market.

SOCIAL POLICY

11. *There has been criticism in some quarters that the Presidency is low on social priorities. Is this justified?*

- This is not justified because Slovenia will be very active in this area and will concentrate its endeavours within four pillars:
 1. Within the first pillar, relating to the labour market and employment, particular emphasis will be placed on the **Lisbon Strategy**:
 - The efficient and timely *preparation of the next cycle of the Strategy*; strive to ensure that the revised Employment guidelines take demographic challenges and the principle of flexicurity into account and give more prominence to social considerations.
 - *Flexicurity*: continue discussion on flexicurity and focus on the implementation and enforcement of the common principles of flexicurity at the national level.
 - *Employment*: particular attention on young people and their position in the labour market and society; identify measures to reduce unemployment among young people and ensure their security and stability.
 2. **Social issues**:
 - *Achieving maximum progress on the Directive on Supplementary pension rights*. Possible agreement in the Council would be a major success for the Slovenian Presidency.
 - Achieving progress in the coordination of social security systems.
 - Preparation of a new cycle of the open method of coordination in the areas of social protection and social inclusion (adoption of a Decision designating 2010 the European Year for Combating Poverty and Social Exclusion).
 - Establishing a consistent European framework for social services that will take account of and respect national traditions and will lead to improved accessibility and quality of these services.
 3. **Demography**:
 - Reinforcing new forms of solidarity between generations. Living together with respect for all generations is of prime importance when it comes to addressing the challenges of the 21st century. A particular example of this is the provision of high-quality, accessible long-term care.
 4. **Equal opportunities**:
 - Further step up activities aimed at ensuring equal opportunities and preventing discrimination against persons with disabilities; particular attention to the United Nations Convention on the Rights of Persons with Disabilities.

LISBON TREATY

12. *What assessment has the Presidency made of the work required to ensure that the EU's institutions are adequately prepared for the changes set out in the Lisbon Treaty? How will the Presidency ensure that any work required will be completed to schedule?*

- The Presidency has identified issues in the context of preparatory work on the entry into force of the Treaty of Lisbon so that the European Union and its institutions could smoothly continue to function after the successful conclusion of the ratification processes in all Member States.

- At the same instant the necessary preparatory work has already commenced covering primarily the technical aspects of the changes in the Treaty of Lisbon.
 - However it is necessary to emphasise this is a process going throughout 2008.
 - It will be conducted under direct supervision of the European Council and within a single framework. Permanent representatives have therefore already started examining the technical and legal aspects regarding the implementation.
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