

TUESDAY 10 NOVEMBER 2009

Present

Bowness, L
Dykes, L
Hannay of Chiswick, L
Howarth of Breckland, B
Jopling, L
Kerr of Kinlochard, L
Paul, L
Plumb, L
Richard, L
Roper, L (Chairman)
Sewel, L
Teverson, L

Witnesses: **Chris Bryant**, a Member of the House of Commons, Minister for Europe on the European Council, **Mr Craig Fulton**, Deputy Head, European Strategy Group, and **Mr Paul Williams**, Europe Global Group, Foreign and Commonwealth Office, examined.

Chairman: Minister, we are very pleased to see you for the first time before the full Committee, although I know you have already given evidence to Lord Teverson's Sub-Committee C on their inquiry into the European Union and China, and we are very glad to see Mr Williams from Europe Global Group and Mr Fulton, the Deputy Head of the European Strategy Group. I should of course make it clear that this session is on the record and will be webcast. You will receive a transcript and have an opportunity to make corrections and, as I have done already, I will invite members with any relevant interests to declare them.

Q1 Lord Kerr of Kinlochard: Minister, I have a sort of historical interest which I should declare. Could you describe to us how you see the role of the President of the European Council?

Chris Bryant: Well, thank you very much for having me, not least because it means that I am Minister for Europe and that is a great joy to me and I hope it will be a joy to you as well. You have been a great committee; you have agreed with us quite often and we quite like that! This is in fact one of the areas where I think, broadly speaking, we do agree which is that the role of the President of the European Council is there obviously to preside over the meetings of the Council, to ensure that there is a consistency of objectives and of a way of doing business and, I would also say, if not necessarily the person that the American President would pick up the phone to when he or she wanted to talk to Europe, would certainly be the person who, on behalf of Europe, would be able to ring up the President of the United States of America and have the phone call taken. We believe very strongly that it is in Britain's interest to have a far more effective Europe batting on the world stage so that we can address relations with, for instance, the major economies, and everybody always mentions China and India, but I would also add Brazil and Mexico. We also need to bat more effectively in a united way on issues like energy security in relation to Russia or on human rights in Zimbabwe or Fiji, and we believe that a big-hitting President of the European Council could contribute towards that.

Q2 Lord Kerr of Kinlochard: But does not the Article say that the primary function is to ensure cohesion and consensus within the European Council and drive forward its agenda, and the secondary function, of representing the European Union abroad,, is only in relation to the common foreign and security policy, not on matters that are the Commission's business? The place where the two functions unite is in the High Representative, who would as a member of the Commission, and a Council Chairman, be responsible for external relations across the board under the two presidents, the President of the Commission and the President of the European Council. Does that not mean that the cohesion and consensus role of the President, which is given primacy in the Article, is also intended to be primary in practice?

Chris Bryant: Technically speaking, yes, you are right, but then I have never known you to be technically wrong. I have heard this argument quite a lot over the last few weeks in Europe, as you can imagine, and I do not accept that cohesion and leadership are mutually exclusive. Indeed, I would argue that you need leadership in order to achieve cohesion and you need to achieve cohesion in order to provide effective leadership. My biggest concern is that, if Europe were to fail in the next couple of weeks to have a really effective top team in terms of the President of the Council and the High Representative, then the grinding that Europe has had to do over the last eight years in trying to achieve the Lisbon Treaty would not have achieved what it could do.

Q3 Lord Kerr of Kinlochard: Thank you, Minister. Just for the avoidance of doubt, could you tell us who is the UK candidate for the job?

Chris Bryant: For the President of the European Council, it is Tony Blair. Do you need his CV?

Q4 Lord Dykes: That is, in all respects, the official candidate nomination of the British Government?

Chris Bryant: Yes, Gordon Brown has spoken with several of his counterparts and he has also spoken with the Swedish Presidency, with Prime Minister Reinfeldt, to make absolutely clear that we have a Plan A and a Plan A, and that Plan A is, we believe, that Tony Blair will be a very effective player in the job for a whole series of reasons, one of them being, not least, I think, of all Europe's politicians in the last 15 years, he is probably the person who has had a more consistent, coherent and passionately argued view on enlargement. I think that actually Tony would do a very good job in terms of the business of providing both leadership and cohesion precisely because he argued very effectively for many of the countries which are now within the European Union to become members.

Q5 Lord Dykes: With your famous enthusiasm for Europe over many years and not just recently, do you feel that in respect of someone who was the architect of the illegal invasion of Iraq, the architect of not joining Schengen and the architect of postponing joining the euro for ever?

Chris Bryant: Well, some of your remarks are contentious, I would suggest!

Q6 Lord Teverson: Given your and the Government's view, and a very strong view, put forward there that it should be a strong Presidency as opposed to maybe a small-state chair role, and I believe that this appointment has to be made by consensus, will the British Government actively seek to prevent the small-state chair role person taking this over rather than a much higher-profile person who can indeed play a role in Beijing?

Chris Bryant: Well, the very first person who held my job was Richard Brinsley Sheridan, the playwright and author, and in 1782 he wrote, "The surest way to fail is not to determine to succeed", so we are still determined to succeed. I, however, think that the slightly derogatory way of putting it of a small-state chair, is ----

Q7 Lord Teverson: Well, I apologise for that, but I think you know what I mean.

Chris Bryant: I understand the shorthand that you are using, but I think it is inappropriate because clearly there are figures in geographically smaller or economically smaller countries which might be able to provide a significant leadership role.

Q8 Lord Teverson: Would 'Kabul Bill' be someone that perhaps the British Government would ----

Chris Bryant: As I say, we have a Plan A and I am in the Sheridan mode.

Q9 Lord Jopling: Do you think it is realistic to be pushing a candidate from a country which does not participate in some of the core activities, like the euro and like Schengen? Do

you think that is a realistic approach and, if you have any doubts, is it not rather important to have a Plan B so that we do not get landed with somebody we really do not like at all?

Chris Bryant: Well, what I mean is that we cannot advocate somebody for High Representative and somebody for President of the Council. I suppose, in theory, we could, but we do not think that would be a very wise plan of action. A lot of people speaking privately have voiced support for Tony Blair. I also think that there is a miasma which sort of descends upon the whole process of appointing people to top jobs in Europe, there always has been and there always will be, because inevitably a lot of Member States keep their cards very close to their chests. I know that there are some who have argued publicly that the fact that we are not in Schengen or not in the euro is a major issue and it, therefore, could not possibly be a British person, but some of those people were then arguing that, nonetheless, the Foreign Secretary should become the High Representative, so I think people pick and choose their arguments a bit like a visit to Woolworth's when it comes to this, and I just think it should be the best person for the job.

Q10 Lord Jopling: And Plan B?

Chris Bryant: If Tony Blair does not succeed, then we will adopt a Plan B very swiftly.

Chairman: We are going to come on to the question of the High Representative in a moment.

Q11 Lord Kerr of Kinlochard: On a small point, Minister, when you were answering Lord Teverson's question, you did not dispute his premise, and his premise was that consensus is the rule of the game. I think that this time round, for the first time, qualified majority is the rule of the game. In the past, one did tend to have people emerging who had no enemies because it was a consensus decision, and one vote against, therefore, lost the cause. One of

the advantages of the new procedure should be that rather bigger candidates should come through. Is that correct?

Chris Bryant: Yes. As I say, you are always technically correct.

Q12 Lord Richard: I do not want to go back to 1782, but, to go back to 1868 when General Sherman was approached to run for President of the United States, he said in a very famous sentence, “If nominated, I will not stand. If elected, I will not serve”. Do you think the Foreign Secretary’s protestations are sufficiently Sherman-like at the moment for us to take that at face value?

Chris Bryant: It is going to be a very airy, light afternoon, is it not!

Q13 Lord Richard: You started it, historically!

Chris Bryant: The Foreign Secretary has made his position extremely clear, that he is not a candidate, *point finale*.

Q14 Lord Richard: Well, who will the British Government back?

Chris Bryant: That is a very good question to which I have not an answer.

Q15 Lord Richard: What sort of candidate would you back?

Chris Bryant: Somebody who would be effective on the world stage and will work well with the Council President.

Q16 Lord Richard: What qualities would you be looking for?

Chris Bryant: Well, it obviously has to be somebody who has played some role in foreign affairs and on the world stage and, therefore, it probably means either a former Foreign Secretary from one of the Member States or perhaps somebody who played a role in government in another role, but, nonetheless, had taken a foreign affairs interest. I do take the

point that sometimes the difficulty is of course that, if you are a big player, you have made enemies, you will have adopted positions on some international affairs issues which will not be convenient to some countries, and that is a complication. Incidentally, the other important point for the High Representative is that they also have to go before the European Parliament as a member of the Commission, and I do not think that anybody should be presuming that that process will be a rubber-stamping one. It was not last time, two members were removed and there may be others this time.

Q17 Lord Richard: But, if in fact Plan A, which was the Presidency of the European Council, does not work for a British candidate, is Plan B that we should, nevertheless, try and get the High Representative?

Chris Bryant: Not for Britain, no. We will not be presenting a British candidate for High Representative. We would then be seeking to support the person from amongst the other candidates that had been presented who, we think, would be the most effective.

Q18 Lord Richard: Do you have any countries whose nationality you would, so to speak, rule out?

Chris Bryant: No.

Q19 Lord Kerr of Kinlochard: Minister, you have explained that the Government could not advocate someone for both jobs, and I understand that, but we can. If Mr Miliband is not a candidate, have you thought about the possibility that it might be good for somebody who is going to be both working to, and chairing, the Council and working in, and being a Vice President of, the Commission, to have experience in both houses as does, for example, Lord Patten of Barnes, Chris Patten?

Chris Bryant: He is not on our list of candidates.

Q20 Lord Hannay of Chiswick: Well, I must say, Minister, for somebody who said there is not a Plan B, we seem to have spent a lot of time addressing Plan B, including the Foreign Secretary who addressed Plan B last night, to my great regret in fact. Could you perhaps say, among the candidates who have been mentioned, we have got no preferences whatsoever and we have no idea? Do we think that the Swedish Foreign Minister would be an able person to hold this or the former Italian Prime Minister whose name is frequently mentioned? Are we not in the business at the moment of making the worst of every possible course of action.

Chris Bryant: Well, the process of confessionals is a difficult one because, as a former priest myself, I know that the sort of secrecy that is entailed means that we, all of us, do not actually know who all the candidates are. We know lots of speculation and nearly every article I have read in a national newspaper in this country has been almost entirely wrong about the whole process so far, down to masses of substantive process that are just factually wrong, so that is why we have chosen to be very committed on the issue of the Presidency and to be listening to colleagues on the issue of the High Representative. Obviously, one of the key elements, I think, is that, once the President of the Council has been chosen, that will have a dramatic effect on who ends up being the High Representative because it has to be somebody who can work with them and whose skills would complement. I think it is slightly distressing that there are remarkably few women that are being put forward by anybody.

Q21 Lord Hannay of Chiswick: Is it not the case that it does not require your own Member State to put forward a candidate and you could be put forward by a political group, as Lord Patten was put forward by the EPP on a previous occasion and as could happen in the case of the socialist group in the European Parliament on this occasion? The fact that his own Government does not put him forward does not mean that his name cannot be put forward?

Chris Bryant: I think that is right, although the process that so far has happened, because we have not got to the Council meeting, has been one of one-to-one confessionals between the

Presidency and each of the Member States, and that process has not finished. Paul, you may want to add.

Mr Williams: Yes, just to add to that, obviously the High Representative will be a Vice President of the European Commission and, therefore, will be the representative of the country from which the High Representative comes in the European Commission. The country that has the High Representative will not have a different Commissioner of the same nationality.

Q22 Lord Richard: So he will be a Commissioner?

Chris Bryant: He will be a Commissioner, and he or she will be the only Commissioner for that country and, therefore, would be their representative.

Q23 Lord Hannay of Chiswick: Could we move to a completely different area. We ourselves have made certain proposals for amending our terms of reference for scrutinising European legislation in the light of Lisbon coming into force on 1 December. I will not bore you with them all because I am sure you know about them, but we noted that our colleagues in the Commons have proposed going further than we do by asking to receive the European Council draft Conclusions the week before the European Council and that they should be subject to a scrutiny reserve resolution. I wonder if you could say what the Government's attitude to that request is and tell us whether you think it could be made to work in practice?

Chris Bryant: We have not come to a definitive position on this yet, although many of the things you have suggested I am very sympathetic to. Indeed, when I appeared before the European Scrutiny Committee, I said to them that we would want to make more material available to them on a private basis, not least since some of this material is put up on the Danish Parliament website anyway, so it seems a bit odd that we would not be providing it on a confidential basis, and we would want to do that with you as well. I think one of the

difficulties that we will always face is two-fold. The first is that sometimes the Commission and the Presidency will bring forward proposals where there seems to be general consensus and remarkably little difference from that consensus, and then sometimes there is a lack of understanding of why committees should need eight weeks to be able to examine these things. I have been saying to the Presidency very clearly since I have been in post that it is vital, especially after Lisbon comes into place, that our committees in this House and in the other House both have as full an opportunity as possible to examine everything. Then, there is the second problem which is that sometimes in the process of negotiation it goes right up to the wire, as, I am sure, you will know, and in that circumstance it is very difficult to have to come back to a committee to go through another iteration of a document whilst you would still have the power to say no, so it is in that area where I am trying to find a way that we can come back to you with a clear and coherent answer. If there is a necessity to change the scrutiny reserve power, then obviously that would have to go before both Houses and it would make most sense if both Houses had the same situation, but that would require time on the floor of the House and I do not know when that might happen.

Q24 Baroness Howarth of Breckland: On a slightly different question about the specific division of labour through the European External Action Service for programming the various funding instruments, is there a risk that, if the EEAS is given responsibility for programming, funding decisions will be taken on the basis of foreign policy objectives alone rather than the reduction of poverty, which is the primary objective of the EU's development policy according to the Lisbon Treaty, and how will you ensure that we actually keep the right focus?

Chris Bryant: It is clearly right that one of the problems that the Union has had is that we have had desk officers for the Council for a particular country and desk officers in different directorates of the Commission, and sometimes the left hand has not known what the right

hand is doing. That is before you get to the question of whether external relations and development should know what each other is doing because obviously good governance and anti-poverty strategies should go hand in hand, they should be trying to contribute towards the same end, so the fact that we will be moving towards a double-hatted High Representative with responsibility for the External Action Service that is working to him or her, we think, will be a significant benefit to preventing this complexity and duplication. However, we do believe that there is value in having a separate funding stream for development because it has a different role to play, it has a different way of working, and sometimes its actions working alongside NGOs can be more effective, so we are keen on that. Of course, that reflects in Britain the fact that we were very committed as a Government to having a separate Department for International Development which, I think, over the last 12 years has proved its worth in gold.

Q25 Lord Hannay of Chiswick: Are you satisfied that in the Commission, with the High Representative sitting as Vice President, that that High Representative will, as the Treaty says he should, have a proper co-ordinating role on issues of development because, as I am sure you are aware, there has been a great deal of pressure in the other direction to try and take the Development Commissioner, if there is one, out of the scope of the High Representative and leave them completely independent? Has the British Government got a position on that?

Chris Bryant: I think it is absolutely right that the High Representative has to have a co-ordinating role in relation to every single aspect whereby Europe effects its relationship with other countries of the world, and that includes development, and we have been pushing against the pressure that you describe.

Mr Williams: Perhaps I can just add to that, that of course Chris set out the position on funding, programme funds and where we think they might lie, but of course, to answer your question, Lord Hannay, we would want the External Action Service to have a role in that as

well, so there should be close consultation between a Development Commissioner and the High Representative and the External Action Service under that High Representative, as there would be of course in the Commission going up to the Commission college.

Q26 Chairman: Would there be people from the Development Directorate-General in delegations outside Brussels, or would everybody in a delegation be from the External Action Service?

Chris Bryant: There would be people from Development in that delegation.

Q27 Lord Kerr of Kinlochard: The European Council noted a report on the External Action Service which said that staff from Member States should represent at least a third of the staff of the service, with the remaining element coming from the Council secretariat and the Commission. I have two questions. First, is there a deal on what proportion of the two-thirds come from the Council secretariat and come from the Commission, and can we avoid the age-old bickering between the two which has been awkward in the past? Two, are the British Government going to keep up the admirable tradition of sending some of the very best people to work in the institutions and to work in this new service? At present, in the Council secretariat you have brilliant people like Robert Cooper, you had Brian Crowe, from the Diplomatic Service, and in the Commission on the external side you had Lord Hannay of Chiswick, when he was not Lord Hannay of Chiswick, and you had Sir Roy Denman: it is a long line. Now that these two are coming together and now that we have the chance to put in good people, will we put in our very best people, or will we see this as a rival Service rather than a multiplier of the effectiveness of British foreign policy?

Chris Bryant: I passionately believe that this will make British foreign policy more effective, so it is essential that we put good people in, but I would not just see it in that way as that sounds a rather sort of dirigiste approach to staffing. If anything, I would say that a lot of

very good people will want to work in the External Action Service because you get to work in a different environment and you will be a senior player, in particular, in developing a new service. No, there has not yet been an agreement on the precise numbers and, as for abolishing age-old bickering, I think that might be an ambition too far.

Q28 Lord Hannay of Chiswick: Would you not agree, Minister, that probably the key consideration to getting really good people to volunteer to go to Brussels is the sort of jobs they get when they cease to be seconded to the service, and that is something that is within your and your colleagues' power? Will you make sure that people who go to Brussels and do well in the External Action Service, get good jobs when they come back? That is absolutely the key. If you look at every Member State, the reason why there are second-raters from some Member States is because they do not get decent jobs afterwards and the reason you get first-raters from some Member States is because they do.

Chris Bryant: It is a very well-made point. I think generally for the Foreign Office in terms of how it sees its future human resources, we have to look at this in a very different way from 50 years ago when we just kind of assumed that the brightest and the best would come out of Oxford and Cambridge and would land on the steps of King Charles Street and would steadily advance and rule the world. We have to resource our embassies from a much wider range of people today, I think, so as to be effective in a completely different style of diplomatic world, and we need to make sure that there is a continuity of career so that people do not only aspire to work for us, but aspire to stay with us.

Q29 Baroness Howarth of Breckland: I just wanted to hope that the Minister would reinforce that in that it is not always the Oxford and Cambridgers that have the passion to deal with poverty in absolutely ensuring that it is not just the governance, but the people who are

being governed, and that is my hope, that you will in fact take from a much broader experience so that you have got people who understand the issues.

Chris Bryant: Yes, I really agree, and that is why we have been very rigorous about our whole process within the UK of enabling interns to work with us and we have been much more rigorous about how we second people to other parts of Whitehall and to the private sector. We need to resource ourselves and think very widely. I was in Madrid a while ago and met with the whole consular team there, and that is a very large consular team that we have with one million Brits living there and 17 million Brits who go on holiday every year to Spain. I was really pleased to see that there was somebody who used to work for one of the major British banks and there is somebody who used to be a travel agent as well as the more traditional people who had fallen out of the Foreign Office mould, as it were.

Lord Teverson: Minister, the European Council is clear that there should be close contact between the High Representative and the European Parliament, but it makes no mention of national parliaments like us. We are interested to understand whether that might be an oversight, and what role you might envisage for national parliaments alongside the European Parliament, and how would you see that operating?

Q30 Chairman: Minister, before you reply, perhaps I might just add something which we had not spotted earlier on. When we produced our Report on the Lisbon Treaty, this Committee said, “Effective mechanisms should be put in place at the appropriate time to exercise parliamentary oversight over the External Action Service at the national level”, and the Government, in replying, said that it would work with the Scrutiny Committee as they bring forward proposals for parliamentary oversight of the External Action Service at the national level. I thought I should just give you a little bit of the history.

Chris Bryant: I had not spotted that, but, when the High Representative has been appointed and comes forward with his or her plan for the External Action Service, I think it is very

important that both your Committee and the European Scrutiny Committee go through the proposals with a fine-toothed comb. I think that is a vital process and I think that we will need to find ways in which you can continue to do that over the coming years because there is a slight danger that, otherwise, the External Action Service might sort of float off into a world of its own. I am very reluctant, however, to sort of tell this Committee how it should organise its relations with other committees, so I will stop there.

Q31 Lord Hannay of Chiswick: On a related point, the relationship of the High Representative with the national parliaments, I wonder if you could just comment on the possible role, perhaps an enhanced role, for the Conference of Chairmen of Foreign Affairs Committees. As you know, they meet once every Presidency, I think, or perhaps it is twice now. It has always seemed to me that, in an area which is the second pillar where it is Member States who remain responsible, there really should be a bigger role for that collective of the chairmen of the foreign affairs committees and the High Representative who now is going to bring things together. I am not, heaven forbid, suggesting any Treaty change, but could the Government consider whether it could persuade both the incoming High Representative and the President of the European Union to make more systematic use of that forum to be a kind of European foreign relations committee, like other parliaments have got?

Chris Bryant: Well, the European Parliament obviously has a role in that as well.

Q32 Lord Hannay of Chiswick: Yes, they come to those meetings.

Chris Bryant: It will clearly be important that the new High Representative who takes his or her job of accountability seriously, that he or she will be accountable already to two bodies, and doubtless there will be committees like this which will want to invite the High Representative at some point or another to give evidence, and that might be 27 countries which might want to do that every year or every second year. I just have a slight anxiety that

this poor person will end up doing an awful lot of accountability and not very much representativeness, so I can see the force of the argument why it would actually be very tidy for him or her to be able to come to that committee and to be able to feel that he or she had performed a function of accountability to Member States' parliaments.

Q33 Lord Hannay of Chiswick: The more they come to that committee and the more systematic they make it, of course the easier it will be for them to fend off individual requirements for them to appear.

Chris Bryant: I think that is sort of what I was saying, yes, I agree.

Chairman: Thank you very much. Can we move on now to climate change.

Q34 Lord Sewel: Can we move to money. I think we have got, what is it, €100 billion annually by 2020, which is the figure which the Council has arrived at in terms of the cost of adaptation and mitigation for the developing world, and that is going to be met by a combination of their own efforts, the international carbon market and international public finance, so let us turn to the public finance bit. How is it going to be shared out globally?

Chris Bryant: Globally or within the European Union?

Q35 Lord Sewel: Globally first.

Chris Bryant: Well, we believe that it should be done on the basis of wealth and emissions.

Q36 Lord Sewel: Fifty-fifty?

Chris Bryant: Broadly speaking. You can imagine that everybody has their own version which they work out according to it meaning that they have to pay least, so trying to search for an answer which stems from first principles is quite difficult, especially since both of those two figures, emissions and wealth, change on a regular basis, so the balance of what a country may have to pay into the future might change from year to year.

Q37 Lord Sewel: And would you adopt the same formula within the EU?

Chris Bryant: Yes, and I should say that we also believe that it should be everybody contributing other than the least developed. Now, there is a discussion to be had about what constitutes 'least developed' and who, therefore, does not make any contribution at all, but it seems to us that it is a pretty important principle that you try to get the vast majority of the countries in the world to contribute because this is, in the end, a global challenge.

Q38 Lord Teverson: Minister, it seems to me in this area, and a very important area, that all the discussion, not surprisingly, is around raising the money, but has any thought really been given to how it is distributed, how it is used effectively and all of that side, which is the other side of the equation which is going to be equally important and, I would have thought, as full of as many difficulties as raising it in the first place? Has that process started?

Chris Bryant: Yes, that has and there has been quite a lot of discussion and quite a lot of debate, not least because, apart from anything else, you have to decide what counts and what does not count. Probably that question is best directed to DECC ministers because it is not primarily going to be decided at a European Union level. I would just give one instance very briefly which is that I was in Papua New Guinea earlier this year. Papua has the third-largest rainforest in the world and it anticipates that in the next 12 years its population will rise from six million to 20 million. That is very fast growth. There is remarkably little land in Papua New Guinea which is available, other than the rainforest, so the danger is that, if the climate financing mechanism only gives money to governments, that may not stop the destruction of the rainforest at all because it is at the very local level that people actually make decisions about whether they are going to cut it down or not, whether they are going to sell it to a logging company from Indonesia or whatever. Yet, at the same time in Papua New Guinea, off the island of Bougainville, you have got people who are losing their homes to the sea, and the Carteret Islands were eight, then seven, then six and now seven again because one of them

has been split down the middle and you have got 2,700 people who are having to decide whether they are going to dig up their ancestors' bones because they are already being lost to the sea and take them with them, and they have got to completely change their economy because they have always fished, ate and slept there and now they will have to go to a place where they will have to work for other people.

Q39 Lord Dykes: Are you and other member governments in the EU, Minister, worried about the asymmetrical distortions in the financial trading markets that are producing inappropriate values to the trading certificates in carbon?

Chris Bryant: That is way above my head, and it is above his and it is above his. May I write to you? I might have to consult my DECC colleagues, I think, before I reply to that one.

Q40 Lord Hannay of Chiswick: Can I go back to our high level of generality ----

Chris Bryant: Where you think I will be happier?

Q41 Lord Hannay of Chiswick: No, where I will be happy, and ask you whether you do not think there is a real risk that Copenhagen is falling victim to a steady downward trend of expectations? First, we were all being told that there was a real chance of getting the Treaty signed and now we are told that there is no chance of getting the Treaty signed, and I accept that is realistic, but, as this cascade goes on, the risk is that we will fall into a situation in which nothing, except some high-sounding phrases, is agreed. What is the Government going to do to reverse that trend, and do you not think that we are risking leading it down by our tactical cleverness in refusing to name the figure of how much money we will put on the table because some people in the European Union have said, "Well, if you do that, you'll only be enabling bidding up by the developing countries"? How on earth can we keep the lead in a negotiation in which we have always taken the lead before if we are not prepared to be

reasonably categorical about the amount of money we will put on the table? The European Union has fluffed that three times now.

Chris Bryant: Well, that was the argument that was had last week and we were very much in favour of a more precise figure. We have ended up with a very broad range of 22 to 50 billion, and I think it is well-known that we would have preferred a tighter band. I am not as pessimistic as some others are and maybe this may just be because I am eternally optimistic and I have got Sheridan still ringing in my ears, but I think that it will obviously be very difficult to achieve a binding Treaty in Copenhagen, but we should still strive to achieve that. We have seen very encouraging moves in the last few months by China and by India. For that matter, I was encouraged by New Zealand which came up with a much more ambitious set of targets than we had originally anticipated. I would say that one interesting thing which, I think, has changed some of this debate is that, whereas in the past sometimes Europe tended to ignore areas of the world like Latin America when it came to international discussions of this kind, it has now realised that the role that a country like Brazil or Mexico can play can be very significant. I think increasingly that that is a message for us in the Foreign Office, that we cannot ignore any part of the world now in trying to build international agreements.

Q42 Lord Plumb: I was just thinking, since you raised the position of New Zealand, of when they came and gave us evidence. They said that, in the first three years in their estimation of the emission outfall, they were going to exclude all their cattle and animals. Well, of course what do you leave in New Zealand? It is very difficult to speculate when you get a country saying that sort of thing in the circumstances they are in. The cost of controlling emissions must be highly speculative, I think; it is the way the money it is used, where it is going and how it is going to operate. You will know that in the trading system report, which we produced, we noted serious concern that the enforcement mechanism of the Kyoto Protocol had been shown to be weak and we considered that the deficiencies must be

addressed in the Copenhagen Agreement. Will they, is really our question, and how can we ensure that in fact if an enforceable agreement is reached? Perhaps I could add a third point, which is a very general point. I was quite impressed last night, watching the programme on Ed Miliband's presentation, and, in particular, when he said, "We are preparing for the 21st Century and we're dealing with emissions and emissions trading", and so on and so forth, "but we're operating in a 20th-Century planning system". Now, that hit a lot of notes with me because I am well aware of some of the planning applications that went in two years ago particularly for renewables. It just needs to be lined up, and I wonder what part you can play in that part of that, but, in particular, to comment on the trading standard concern that we have and whether it can be dealt with in Copenhagen effectively.

Chris Bryant: We think it is absolutely vital that we look at the monitoring, reporting and verification issues. If we end up with Kyoto II, if you see what I mean, we will not have done ourselves any favours; we will not have addressed the issue substantially enough and we will not succeed in what we are trying to achieve which is substantial cuts in emissions. There is one thing which, I think, maybe we have slightly got wrong in the way that this argument has been put, which is that it is all suggesting that this is all about the future because we keep on saying figures like, "In Thailand, by 2050, rice production will be halved if the level of the world's temperature rises by more than two degrees", but I think that most people find that message really quite difficult to hear because that is just about the future and there is an element of *mañana, mañana, mañana*. I think that we need to impress upon people the problems that there are now in terms of drinking water availability in many places where the sea has invaded drinking supplies and in terms of migration patterns, which are already beginning to develop. Also, we have failed to give a suggestion of the economic opportunities that lie in climate change, so the message that I was taking very much around Peru, Colombia and Venezuela when I was there was that there is a real economic opportunity

for these countries, many of which rely almost entirely for their drinking water and their electricity on glacial water which will not exist in 15/20 years' time if we get this wrong, and I think that is an important part of what this climate financing is about. You are absolutely right about New Zealand and methane. I had a lengthy discussion about methane, cattle methane, in New Zealand with my counterpart, but this has to be part of the equation because it is a significant part and we believe that there are things that we can do to prevent the increase in methane emissions. There are better ways of managing flocks, there are better ways of feeding and so on which can reduce the amount of emissions related to agriculture, but, you are absolutely right, we need to have a very robust system of monitoring, reporting and verification.

Q43 Lord Teverson: Minister, if you heavily reform the Clean Development Mechanism and those sorts of instruments, which is really what is required to keep a proper cap on emissions within the developed world, is that not just really opening up another front with the developed world in that they do quite well out of this at the minute without too many questions asked, and is that not just really another barrier too far to actually finding an agreement between North and South?

Chris Bryant: I am not so sure about that. I have not been to Africa to have any of these discussions, I have only been in Latin America and in the Pacific, but I would say that there is a very strong understanding of the necessity to act. There may be a difference of view about how it should be paid for and what structures there should be to ensure economic development, and certainly there are some who would argue that this is just a way of the rich countries keeping the poor countries poor, "You've developed, you've sullied the world and now you're telling us that we're not allowed to do what you all did and, therefore, we can't escape poverty", but that is why I think we need to have a very clear message which is about the economic opportunities which are available to the poorest countries in this. Incidentally,

you are also right that you cannot have a system which has the phrase attached to it “with few questions asked”.

Q44 Chairman: On this area as well, Minister, do you feel that there is a Plan B if a proper agreement cannot be reached at Copenhagen?

Chris Bryant: Well, I think there will be an agreement reached. The question is whether it covers the whole waterfront or it is just some element and how close we get to binding commitments. A political agreement will be a success, especially because there are those who still argue that this is not something that we need to address at all, that somehow or other the planet will mend itself, but we are still striving for as close as we can get to covering the full waterfront with declared amounts of money and clear and binding commitments.

Q45 Chairman: I wonder whether we could go finally on to the question of the financial crisis and labour market policies. In the Council Conclusions, there was a new phrase used. The phrase used was that a “broad agreement” was reached at the Council on both the Regulations establishing the European Systemic Risk Board and the Council Decision entrusting the European Central Bank with specific tasks in relation to the ESRB. We are usually used to the phrase “general approach” and of course we have agreement from the Government that in terms of a scrutiny reserve that has meaning. Could you tell us the ways in which a broad agreement differs from a general approach?

Chris Bryant: There are only certain areas of the world where one can have such a conversation as this. In essence, a broad agreement means that we can proceed with informal discussion, whereas a general approach is a technical agreement which allows a formal process to start with the European Parliament. That is the difference that we are drawing.

Q46 Chairman: But these informal approaches, will there really be time in terms of substantial decisions to move from a broad agreement to a general approach, particularly as there will have to be consultation with the European Council in order to achieve the adoption target of December 2009?

Chris Bryant: Well, the proposals themselves will not be adopted in December 2009 because the Presidency intends to reach a general approach on this and then the proposals on the European supervisory authority's proposals would be brought forward in December. Yes, I think there should be adequate time to be able to do this. I do not know whether Paul or Craig wants to add.

Mr Fulton: I think you have covered the main element. As you say, the proposals will be adopted, so they will remain on the table and the Government will take the views of the Parliament ahead of that agreement.

Q47 Chairman: We have of course got a position as far as a general approach is concerned in terms of the scrutiny reserve. What is the position as far as a broad agreement to the scrutiny reserve is concerned?

Chris Bryant: Well, my personal view is that the scrutiny reserve does not cover broad agreement, whereas obviously it would cover a general approach, but, when we get to that stage, we will want to make sure that the Committee then has the time to go through the proper processes.

Q48 Lord Dykes: May I just ask a broader question, coming away from those specific points, Minister. There was a lot of commentary in the continental newspapers and media about the way in which the psychological authority of the ECB and the eurozone system was established as a result of the success of the strong currency and the fact that in terms of the measurement of real market corporate failures, and particularly also of small and medium-

sized companies, the debt mountain accumulation for consumer credit and the accumulation for financial market debt were, proportionately and sometimes in adequate terms, less in the eurozone countries than they were in the Anglo-Saxon Member States, including Ireland, I suppose, although they were in the eurozone, and that that, therefore, made it easier for them to take the lead in these proposals, whereas we, the British Government, for example, had taken the lead in the world financial crisis in many ways in a quite spectacular way with the Prime Minister's leadership. Do you think that helped the European Central Bank to establish that background of the strong currency discipline and mentality? There were fewer bank failures anyway in the other Member States of a large size, not so spectacular as the UK ones, for example, so was that something that made you feel frustrated that we were not in the eurozone by now?

Chris Bryant: That was a very sudden cul-de-sac that we ended in without my realising we were going anywhere near that question! You are absolutely right, I have been fascinated, since I have taken up this job, at how many European and, for that matter, other international leaders have said to me that they think that Britain and, in particular, the Prime Minister played a very key role at a particular moment last year, around about the time of the collapse of Lehman Brothers and with the problems in the British banks and that, if we had not taken that step, a lot of people think, if at that moment the leadership had not happened and others had not rallied to the same way of dealing with things, we would have moved towards a prolonged slump and depression. It is certainly true that some other banking models in other parts of Europe have been more conservative and it is one of the reasons that sometimes they have not been as effective in selling their financial services around the world, but I note sort of *en passant* really that in Latin America, where most banking models have followed the Spanish banking system which is a pretty conservative one, there have been fewer problems. I am hesitant because I quite like the sort of creativity and imagination that the British

banking model and the financial services in the UK have been able to afford. It is why, for many parts of the world, we are the banker of choice, notwithstanding all the issues that there have been over the last year, and I want those financial services still to flourish into the future. We do absolutely support the early warning system that will come from the European Systemic Risk Board. We think that that is a very important, new mechanism that will make Europe more effective and make it less possible for such a event to happen again, but we also want to make sure in the micro-regulation that our fiscal autonomy is not ended in any way.

Q49 Lord Dykes: Can we turn in the Presidency Conclusions to paragraph 29. As we know, there is reference to the necessity of taking “measures to...support the labour market and [preventing] high unemployment becoming persistent”, and there is a lot of anxiety now because the unemployment figures are really getting very high everywhere and there is a lot of worry, particularly amongst the people who suffer and their families, that labour market participation is a prerequisite for economic growth, and it is suggested that the EU can contribute to these efforts by promoting co-operation, co-ordination and mutual learning, as we know. Minister, how does the UK Government intend to act on these Conclusions and what further specific efforts might be made by the European Union, particularly in the area of job creation?

Chris Bryant: Well, I think the most important thing, now that the Lisbon Treaty is, to all intents and purposes, done and dusted, is that we need to get back to the Lisbon agenda for two reasons. One is because I think one of the reasons that many people across the whole of the Union sometimes groan when they hear discussions on television about the European Union is because it used to spend all its time talking about its own internal rules and who gets what job and actually they would prefer to find out what the Union is doing in a way which directly affects them, and sometimes they do not see those benefits as stemming from the European Union, the clean beaches in Spain or mobile phone roaming charges where they

may not directly connect the benefits that there are with the European Union, but, nonetheless, I think it is more important that the Union focuses on those things. It is really important that Europe does not try to be a bargain basement economy in the world. It has to compete with the world, especially with the growing economies that I have already referred to, on the basis of added value, and that is why, I think, educational programmes and training programmes that can foster a greater sense of added value are all to the good. Obviously, the vast majority of that work will be done within Member States rather than across the Union, but I think that, where there are areas of co-operation, we should certainly try to advance them. One of the areas I am trying to look at because one of the countries which has one of the highest levels of employment at the moment is Spain, which is creeping up to 18 per cent and perhaps even higher, is whether there is work that we can do jointly with Spain around youth unemployment.

Q50 Lord Dykes: But is not also the really awkward reality that the Commission's understandable preoccupation is with competition policy in the Single Market, which is universally approved, as far as one can tell, though there may be hesitations now with the recession effect in Member State economies, but that means that the overarching preoccupation that happened with that really means that legitimate job preservation on a viable basis is made much more difficult now and that is why the unemployment figures are going to be higher than they would be otherwise because it is a more rounded policy?

Chris Bryant: Well, one of the arguments I have always made quite strongly is that having a strong, if you like, DG Competition is really important and that whoever ends up being that Commissioner has to be somebody who has a very stout independence of mind and is not just going to be pushing their own country's argument because I think it is in all of our interests not to have different countries within the Union competing on the basis of how much money they can pump into state-funded companies. I am a constituency MP obviously in South

Wales, in the Rhondda, and we have a relatively high level of unemployment, we have an even higher level of incapacity benefit, but, when Burberry wanted to remove its factory and did in the end remove its factory, my argument was never that the Government should be pumping money into it to keep it going because that would just provide a false degree of competition with Portugal, which is where the shirts that were once made in the Rhondda are now made. My argument was rather different; it was actually that I did not think Burberry was going to save any money by taking it to Portugal and, as far as I can see, it has not.

Q51 Lord Dykes: There is no alternative to the natural recovery in demand and banks putting money into companies?

Chris Bryant: Not in the end, no.

Q52 Lord Richard: I was interested particularly in the job creation aspect of this. Certainly in the days when I was in charge of it, so to speak, in the Commission, the big problem of getting job creation schemes off the board was a lack of money and getting money out of the Council. The fact that you are going to have a much more active role in job creation, that will cost, so can one expect, therefore, a rather more generous approach to the problems of the Social Fund and all the rest of it from other governments of the future than we have ever had in the past?

Chris Bryant: I see that impishness still survives down this end of the corridor! I do not think there are many countries in Europe that are going to be arguing for a hefty increase in the budget and, if anything, we want to see Europe, the Union, spending its money far more effectively on the 21st-Century economy rather than 19th and early 20th-Century economies.

Q53 Lord Richard: I do not go back that far!

Chris Bryant: I was not meaning in relation to yourself, Lord Richard! This was my coded way of saying that we need to restructure the budget so that 40 or, whatever it is, 42 per cent of the budget is still spent on the Common Agricultural Policy. I know this is an old chestnut in a sense, but it seems to me that, if Europe is to be truly effective in the future, its funding needs to be going towards enhancing people's opportunities of competitiveness in a global economy in the future rather than trying to protect people from the ravages of competitiveness in industries which are very established and are not going to go.

Q54 Lord Sewel: Can I can stick on job creation, but take a slightly different tack because I start from the position that a sort of prerequisite for effective job creation is flexible labour markets. I would have thought there was a very real danger that in the short term the pressure will be to move away from the reform of the labour market issues, which would in fact hinder the recovery.

Chris Bryant: Yes, I agree. I believe that flexible labour markets are, and they have been, a very important means whereby in Britain, when people have lost jobs, they have been able to find new jobs because people have not been reluctant to employ. I remember when I ran the BBC's office in Brussels that it was virtually impossible to employ somebody and it felt as if it was impossible to employ somebody because you were taking on such an enormous commitment and it was very difficult to see how you could. Yes, I believe a more flexible labour market will be essential across the whole of the European Union, but, at the same time, I think Europeans have grown accustomed, rightly, to a quality of life and a level of labour standards and labour protection and I think it is right that different Member States should not be competing again in the bargain basement to see, "Well, we can do it much cheaper than you" because you do not have to have any paid holiday or you do not to have maternity leave or you do not have to have paternity leave or whatever. That is why, I think, that the banding

together of the Union in relation to social employment policy on key areas has been a really important development.

Q55 Baroness Howarth of Breckland: There are a group right across Europe who do not benefit in that way, and the European Social Fund and some of the education programmes within the Lisbon programmes have helped some of them to come out of poverty and actually into jobs. One of the great values, I think, of the Social Fund is that it goes right across Europe, but there is a discussion that some of the wealthier nations might in fact not participate in the future. Would you not think it might be better to look at that on the basis of need across countries rather than nation by nation because every nation is going to have these groups who really need to be brought out and into the employment market?

Chris Bryant: Absolutely. It is a complicated scenario and in the end, though I am not sure that I am allowed to use this word, I am still a socialist. I believe that trying to make sure that nobody lives in grinding poverty is a key aim of humanity and, especially in a continent like Europe, actually it has been of enormous benefit to Britain that countries that were once very poor are now in a position where we are able to trade with them and are able to be economic partners. I look, in particular, at countries like Spain and Greece where their economic development has been to our added benefit, so I wholeheartedly agree, and indeed in the Rhondda we benefit from Structural Funds and I am very glad that that battle was won for West Wales and the Valleys; it has made a dramatic difference in terms of training and education programmes, in particular.

Chairman: Minister, we promised your officials that we would end at ten minutes past five and I think we have more or less kept to that. Thank you very much indeed. The Committee has very much benefited from the range of the evidence you have given us this afternoon. I think you are going to write to us on one very technical matter which we raised with you, but I would like to thank you, Mr Williams and Mr Fulton for having come and given us such

useful evidence this afternoon. We look forward to seeing you again in the not too distant future.