

TUESDAY 20 JANUARY 2009

Present

Cohen of Pimlico, B
Dykes, L
Kerr of Kinlochard, L
Hannay of Chiswick, L
Howarth of Breckland, B
Jopling, L
Mance, L
MacLennan of Rogart, L
Paul, L
Plumb, L
Powell of Bayswater, L
Richard, L
Roper, L (Chairman)
Sewel, L
Teverson, L
Trimble, L
Wade of Chorlton, L

Witnesses: **His Excellency Mr Jan Winkler**, Ambassador of the Czech Republic, and **Mr Miroslav Kolatek**, Deputy Head of Mission, examined.

Q1 Chairman: Ambassador, a very warm welcome to this meeting of the Select Committee. We are very pleased to see with you Mr Kolatek who is the Deputy Head of Mission. We are also pleased to see that a number of your colleagues from other Member States are here. I think I should perhaps begin by making an apology. I have been chided by various of my colleagues by saying the one thing a good chairman should do is remember that there is something that does happen once every four years on 20 January at 5.00 pm and that one should not overlook these things, and I apologise to you as well. This session is on the record and it will be webcast as we go on. You will receive a transcript of what you have said in the questions and you will have an opportunity to propose any corrections to that transcript. I wonder whether you would like to make an opening statement?

His Excellency Mr Winkler: My Lord Chairman, my Lords, I would like to make a statement. Thank you very much for giving me the opportunity to stand, or rather sit, among you today and to inform the esteemed EU Select Committee about the Czech Presidency of the European Union Council. As you have mentioned, many other important events are taking place today: the inauguration of the 44th American President; also an ECOFIN meeting; and also our Foreign Secretary addressed the Foreign Affairs Committee of the European Parliament today. In addition, I was reminded by my colleagues that today is also payday at the Czech Embassy so another pleasure!

I would like to stress that the year 2009 is special for us Czechs in two ways. Firstly, we have been given the opportunity to represent the European Union and also we are going to commemorate an event of great importance in Czech and European history, the 20th anniversary of the fall of the Iron Curtain and the victory of the Velvet Revolution in the former Czechoslovakia. If I go back briefly in my memory exactly 20 years, I remember the enthusiasm of hearing about President Mitterrand having breakfast in Prague with Václav Havel and other dissidents and then Human Rights Day on 20 December 1988 which was celebrated by the first official free gathering of Czech citizens addressed by Havel. Our hopes flew high but then in January, when we spontaneously commemorated the 20th anniversary of student Jan Palach's death in Wenceslas Square, we were again beaten by riot police using tear gas and water cannons. This happened repeatedly every day for more than a week, and Havel and many others were arrested again. We were depressed and humiliated so you will probably believe me when I say that I would never have imagined that my country would chair the European Union 20 years later and that I would be invited to introduce the Czech Presidency in the House of Lords.

As you are well aware, the Czech Presidency was preceded by a successful French one. France had an ambitious programme which she managed to implement very well. At the very

beginning however the French Presidency was confronted with such events as the crisis in Georgia and the global financial crisis. France, and President Sarkozy himself, showed an admirable determination in solving those crisis situations. We are especially delighted that the French Presidency succeeded in the facilitation of key documents that we can now build on. Since we took over the Presidency we have found ourselves in a similar position. We faced a crisis in Gaza and the collapse of gas supplies into the EU Member States. As far as the latter is concerned, the Czech Presidency succeeded in concluding an agreement on the deployment of monitors in the Ukraine. I am also glad to announce that due to the enormous pressure coming from European leaders and EU institutions an agreement and settlement of the gas dispute between Ukraine and Russia was reached and gas supplies to Europe via the Ukraine were resumed. A Slovak official has confirmed today that at noon the gas reached Slovak borders. We still remain on alert though. The Czech Presidency was also working hard to facilitate a solution to the current conflict in Gaza. Arriving at a solution is a long-term process. Our priority at the moment is to strengthen the achieved ceasefire as a precondition for alleviating the humanitarian crisis. The two-state solution remains the best hope for a lasting peace. With regard to this, the EU will work with other international partners to resume peace talks. In this respect, it also underlines the need to see tangible progress in Palestinian reconciliation, supported by the efforts of Egypt and the Arab League. The Czech Presidency is going to host two separate meetings, tomorrow a dinner of 27 foreign ministers with Tzipi Livni, and on the eve of GAERC on Sunday there will be another dinner with representatives of Egypt, Turkey, Palestine and Jordan.

These ad hoc activities are fully complementary to the original Czech priorities, the three Es, which stand for Economy, Energy/Climate and Europe in the world. The work programme of the Czech Presidency is based on the continuity of EU policies and on co-operation with France and Sweden as stated in the joint 18-month programme of the Council. Let me say a

few words about the first E which stands for Economy. The global economic crisis has once again proven that in the global market no-one is protected from the consequences of mistakes. Undoubtedly the primary task during the coming weeks is to prevent a further deepening of the crisis. We believe that the European Economic Recovery Plan approved by the Commission during the French Presidency is a good framework for the co-ordinated effort of the European Union and its Member States. Implementation of this plan should be effective, targeted and time-limited. Reflecting the specific conditions of the Member States, it should respect the principles of the Stability and Growth Pact as well as the competition rules. It is necessary to prevent excessive regulation and to avoid protectionism as well as the irresponsible infusion of financial funds into the economy. Just today ECOFIN is discussing its preparation for the G20 Summit in London in order to co-ordinate a new contribution for a solution on the global level. Chairman, my Lords, the recent developments fully justify the emphasis of the Czech Presidency on strengthening the competitiveness of the European Union by building a strong and technologically developed European economy. The focus has to remain on the goals of the Lisbon Strategy. Our task will be to minimise the administrative burden, which will be of most help to small and medium businesses, and also to make sure that EU agencies will be justly allocated in the Member States. These premises are all expressed in the motto of the Czech Presidency: “Europe without barriers” but it should also be a Europe of rules at the same time. This year also marks five years since the historically largest expansion of the European Union in 2004. The Czech Presidency intends to host an international conference to commemorate this event and at that conference a study prepared by the European Commission will be released about the benefits of this enlargement for European countries in the years that have followed.

The second E stands for Energy. As I have mentioned at the very beginning, the recent developments connected with the disruption of supplies of Russian gas have proven again that

energy is another Europe-wide and global topic. The recent Extraordinary Energy Council organised by the Czech Presidency opened a new discussion on energy security in order to make efforts to diversify the energy mix, including the rehabilitation of nuclear power and investments in new technologies, to reduce the dependence of the European Union on Russian gas. The Nabucco natural gas pipeline is an issue of the highest priority and so is the support for the construction of new oil pipelines. In the area of energy security we would like to focus on three dimensions to the problem, firstly the completion of the second Strategic Energy Review with an analysis of medium-term demand and supply of energy in the European Union, and the identification of appropriate infrastructure projects; secondly, the completion of the Directive on the maintenance of minimum stocks of crude oil and/or petroleum products, because the implementation of this Directive, at least partly, saved some European countries from the worst of the current crisis; thirdly, a review of trans-European energy networks to make them more flexible and able to support countries in reaction to the development of supplies. At the end of January a Ministerial Conference on the prospects of the internal market for electricity is going to take place in Ostrava, a city in Moravia. The Czech Presidency legislative priorities in this area intends to conclude a third package for the internal energy market, to complete the review of two Directives and two Regulations for electricity and natural gas, and to implement the Regulation establishing an agency for co-operation of energy regulators. As I have mentioned, energy is directly connected to climate change. Consensus on a worldwide scale should be achieved at the global UN Conference on Climate Change to be held in Copenhagen in December this year. The Czech Presidency will take up the excellent job done by the French Presidency and launch a systematic preparation for this conference. Of course, this will be a job for Sweden, but in these days the seminar on climate change is taking place in Prague in order to pave the way from Poznan to Copenhagen.

The third E is for Europe in the world. The position of Europe as a global player depends above all on the quality of the trans-Atlantic partnership. The Czech Presidency will put an emphasis on intensive dialogue with representatives of the new US administration in the key areas of the economy, climate and energy as well as co-operation with third countries. We are ready to work on setting up such relations with the United States during the first visit of American President Barack Obama in Europe this April. We would also like to host on that occasion an EU/USA Summit. The EU's position in the world is going to depend on the stance the Member States are going to take during the talks regarding the new agreement on strategic partnership with Russia. The events of recent years, and especially of recent months, have raised a number of questions and have emphasised the necessity of a common approach by the entire EU. The Czech Presidency is coming forward with a programme for the Eastern Partnership which is equally as important to us as the Union for the Mediterranean was to the French. Its expedited preparation is needed because of the growing importance of co-operation with the regions of Eastern Europe, especially with the Ukraine, as well as the countries of the Caucasus and the Caspian regions. The Eastern Partnership Summit is scheduled for May and will be followed by an international conference on energy security, a Southern Corridor Summit, bringing together both those countries which produce gas and oil and countries which are important for its transport to Europe. The last point on that area is that the historic unification and stabilisation of the European continent would be left incomplete without the gradual integration of the Western Balkans into the European Union. Therefore, under our Presidency talks will also continue on enlargement, covering the countries of the Western Balkans and Turkey. The Presidency will make efforts to maintain the dynamics of EU enlargement. We will do our best to achieve the progress of the Western Balkan countries within the framework of the Stabilisation and Association Process.

Chairman, my Lords, the Czech Republic is leading the European Union in rather difficult times and, to make things even worse, elections to the European Parliament will take place in June 2009. Therefore, we are aware that the Parliament's legislative activity will slow down and all negotiated agendas will be more politicised than usual. Following the European elections, the Czech Presidency will have to start a process of appointing the new European Commission. We believe that the institutional framework of the Union, particularly the Lisbon Treaty, will be another important issue. Recent talks with our British partners have proved that our priorities are of equal importance to them. In other words, the main Czech priorities are also priorities for the United Kingdom. There are many other topics in the work programme of the Czech Presidency that I could talk about but I would like to give the floor to you and your questions. Thank you for your attention.

Chairman: Thank you, Ambassador. I am going to turn to Baroness Cohen.

Q2 Baroness Cohen of Pimlico: Ambassador, you have justly said that the Czech Presidency comes at a difficult time, particularly in the teeth of a major financial crisis. Will the legislation that was proposed during the French Presidency remain a priority or does the Czech Republic intend to bring forward further reform or different reform and regulation of the banking sector?

His Excellency Mr Winkler: We can divide our legislative efforts into areas. The first one regards financial markets, and there is a very important review of the Directive on the capital adequacy of investment firms and credit institutions in the programme. There is also a Directive regulating the insurance sector, regulation of credit rating agencies and the E-Money Directive. This is for markets. The second important area is taxation. Our key priority is regulation on tax fraud and tax evasion - and I do not believe it is only a Czech priority - and then regulation on modernised and simplified systems of tax recovery and tax administration. We believe that new technologies can help a lot in decreasing administration.

Our next priority is to avoid or to reduce tax avoidance. There is a review of the Directive on taxation of income from savings. We want to close loopholes in the existing Savings Directive. Then we would like to continue the work on the Code of Conduct and on business taxation rules. As I have said, we are working on documents which were prepared by the French Presidency and we believe that in this particular area this is basically what was decided even before the crisis came and hit hard. The important thing we stress, and I mentioned it in my opening speech, is that we very much believe that after these short-term steps Europe should return back to balanced budgets to keep its finances, not in individual countries but in the European Union as a whole, in good shape.

Q3 Lord Hannay of Chiswick: Ambassador, you referred to the Middle East in your opening statement and the problems in Gaza. I wonder if I could ask you a question in two parts really. The first is: what actions is the European Union now taking to make this extremely fragile ceasefire more sustainable and durable? The second part: you may have seen or you may not have seen that in this Committee's report on the Middle East peace process 18 months ago we said that the EU's objectives should be "to attempt to maintain a peace process that is as inclusive as possible, while firmly rejecting attempts by outsiders and extremists to derail it." I wonder if that is an objective which is shared by the Czech Presidency and whether the Czech Presidency will take the opportunity of the EU/US Summit that will fall at some stage during the first half of the year to press upon the United States the importance for the future of the region of its new administration sustaining an active, balanced and consistent interest and engagement in the peace process.

His Excellency Mr Winkler: My Lord, if I may start with the final part of your question. We very much hope that the first visit of President Obama to Europe in April will cover all three of these very important issues. We understand that President Obama will come to London for the G20 Summit where the focus will be on the economy. Then he will take part in the

NATO Summit where Afghanistan will probably be the key issue. We believe that also on that occasion President Obama will meet representatives of the 27 EU countries to discuss the Middle East because it is obvious, that in April there will still be a lot to do and to discuss. In the short term of course we want to achieve well-functioning international control, especially in relation to smuggling weapons into Gaza, monitoring borders, and making use of the proposed naval operations by Britain, France and Germany. On Israel's part we would like to reach an agreement on opening of border crossings and a removal of the current blockade. We have already on 9 January called on Israel to fully open the crossings and express its readiness to re-deploy the EU BA mission in Rafah. Our immediate step is to strengthen the achieved ceasefire and to make it robust. As I have mentioned, we are now preparing those two separate meetings, one with the Israeli Foreign Minister and then on Sunday with Egypt, the Palestinian Authority, Jordan and Turkey in order to discuss how to proceed. The Czech Presidency came up with a proposal for a humanitarian conference or a donors' conference. We understand that this idea should reflect the merits of Egypt on the outcome of the situation, and so we would support Egypt in their intention to host a humanitarian conference. We are also aware of a recent proposal coming from the French President to host a major peace conference. Of course it is clear that there is a lot to be discussed. We shall see if there is a space for this peace conference but a humanitarian conference is very important because coping with the humanitarian crisis in the Gaza Strip is a key priority.

Q4 Lord Teverson: Ambassador, you have mentioned the conference that you wished to bring together and the parties that will be there. One of the parties that was missing from your list was what some people would describe as the elected Government of Palestine at the elections, Hamas, and I wonder whether you felt that the European Union and the Presidency should reconsider its decision not to talk directly to Hamas?

His Excellency Mr Winkler: We agree that Hamas was the winner of the elections in the Gaza Strip; on the other hand, we feel that reconciliation on the Palestinian side is of key importance. Hamas can become a partner in negotiations under two conditions: if they renounce violence as a legitimate method of the political fight; and secondly, they recognise the right of Israel to exist. Under such circumstances then Hamas can probably change into a political party. I have heard a lot of comparison with Northern Ireland on how important it is to negotiate with Hamas, but we all remember that there were conditions for Northern Ireland's parties to be involved in those negotiations, so this is our position.

Q5 Lord Teverson: Ambassador, you gave some time, I think quite rightly, to the gas dispute which has been one of the most recent challenges for the EU. We were going to ask you what the latest developments are but obviously you have just told us and we have read it in the news, still I am sure we would be interested to know whether you think this is at last a solution and one which will last for some time. I would be particularly interested in your views on how we make this a more permanent solution given that a similar thing happened a couple of years ago, and I think one would say that the fact that this problem has happened again has meant that the EU response then was not very successful. How do we make this a more permanent solution that works for eastern and central Europe and how do we make a framework by which this threat is removed? I would like to understand particularly how the Czech Presidency will make this a better solution than we had after the first crisis two years ago.

His Excellency Mr Winkler: Lord Teverson, I am afraid that this is not something which can be solved during one Presidency. As we have heard, there were new agreements signed between Russia and Ukraine for ten years and they agreed on a price for gas for the Ukraine and a price for transit. From the very beginning the parties involved stressed that this is a commercial dispute. Yes, it is a commercial dispute but later it appeared to have political

consequences, and for a certain moment we got the impression that it is rather a technological disaster than anything else. As it is now, we see that there is some solution between the Ukraine and Russia, but of course we have to look for a long-term, legally binding framework. That is one thing. The idea of upgrading the level of agreement to government level is not possible at this moment because the contracts at the company level last for about 30 years. However, what we can do, as I have mentioned already in the energy security part, is to diversify our supplies in both geographical and technological sense. We have to decrease our dependence and this will bring more competition. It is most unfortunate that there are, in particular, eastern European countries which were traditionally fully dependent on supplies from Russia. Not all of these countries are lucky enough, like the Czech Republic to have easily built a new pipeline to Germany, and now we are able not only to be supplied by gas from Norway but we can also supply Slovakia. Through the diversification and the improvement of our infrastructure, the pipelines and the networks, will be able to supply from south to north and north to south and east to west and the other way round according to the situation of the moment. When I mentioned this diversification, in a technology sense, it is not only the issue of nuclear energy but it is also the issue of liquid gas, and to build and invest in storage facilities which can really supply all parts of Europe from independent sources. As I have said at the beginning, I do not think this is something that we can solve within six months, but definitely we would like to go this way and to create the best possible conditions for that diversification.

Q6 Chairman: Ambassador, in your introduction you talked about the importance which you gave to the Eastern Partnership and the plans for a meeting to be held in May. We read the proposals which the Commission published in December on the Eastern Partnership with the six Eastern European partners of the European Union. I wonder whether you would like

to say a little bit more about how you intend to take forward these proposals and what are the main aspects on which you feel further work needs to be done by the Council?

His Excellency Mr Winkler: We consider the proposals of the Commission to be an excellent basis for redefining the framework relations with our eastern partners. Chairman, if you permit, I would like to start by saying a little bit about what the Eastern Partnership is not because there are some basic fears and I would describe four basic fears. The first point is that the Eastern Partnership is not anti-Russian. It is a positive policy for 27 EU Member States and six countries of eastern Europe. It is not a negative policy for anyone. Secondly, we do not attempt to redistribute existing financial resources. The Eastern Partnership is not going to compete with the southern or other dimensions of the European Neighbourhood Policy. We do not want to compete with current existing regional policies and projects. Fourthly, this is not an enlargement policy; this is not just an alternative to the enlargement process that is well established in EU practice. It is just a tailor-made way towards ensuring stability and prosperity in our neighbourhood and simply prosperity for all of us. We believe that this Eastern Partnership will be a flagship of our Presidency. That is why we are thinking about a summit. There is a date - and of course all dates are not yet confirmed - in May. Also, as I say, a specific part, I would say a sub-part to the Eastern Partnership is the Southern Corridor Summit which is supposed to bring together five countries of different groupings which should also include Turkey as an important transit country. This Southern Corridor Summit is planned for the eve of the Spring Summit. I believe that this Eastern Partnership will be perceived as an important complementary project to other dimensions. When speaking about substance we believe that this will deepen co-operation on energy, on economic matters, on trade and environment partnership but also respect for fundamental rights and freedoms, and support for the transformation process in those countries.

Chairman: Thank you very much. Lord Wade?

Q7 Lord Wade of Chorlton: Ambassador, we have taken a great deal of interest in the negotiation of the Working Time Directive and a report on this matter from the Committee has supported the view of the British Government. Further to the European Parliament's rejection of the Council's common position on the Directive, how does the Czech Presidency intend to handle this important matter as it heads towards conciliation between the Council and the Parliament?

His Excellency Mr Winkler: Thank you, Lord Wade. I should start by saying that the Czech Presidency deeply regrets that the negative position of the European Parliament remains unchanged. It was not easy to reach a common position in the Council and find a working solution for all 27 Member States and all economic sectors. The Council is aware of the European Parliament's unchanged position and is fully aware of the fact that a compromise between the Council and the European Parliament has to be achieved. We are prepared to launch new consultations among the Member States on one side and the European Parliament on the other. We believe that the appropriate opportunity for this will be the informal Employment, Social Policy, Health and Consumer Affairs Council which takes place later this week on 22 to 24 January. In March the conciliation procedure will start with the European Parliament, I think after the March EPSCO. Today the Czech Minister of Labour and Social Affairs and the Chairman of the Council had a presentation of the work programme of the Czech Presidency in the Committee on Employment and Social Affairs of the European Parliament. Should the esteemed Committee be interested then it will be a pleasure for the Embassy to provide you with more information on what arose out of the presentation, discussion and debate in today's meeting of the Minister in the Committee.

Chairman: Thank you.

Q8 Baroness Howarth of Breckland: Ambassador, thank you for a wonderful concert which I thoroughly enjoyed and it showed me that you have a pretty marvellous cultural

background in your country. I notice from the document that you gave us that you talked to us about a “Europe without barriers”. I am concerned that the barriers amongst people are to do with culture and to do with deprivation and discrimination. It has been reported that the Czech Presidency has no focus on social policy as a key issue. That would give us some cause for concern, particularly with some of the Directives that at the moment are moving through, particularly with some of the health issues. I wondered if you would explain your approach to social policy.

His Excellency Mr Winkler: Thank you for your question. I am pleased to explain. Probably this feeling or this impression that the Czech Presidency does not pay much attention to social policy is based on the importance that we attach to the competitiveness. We wanted to focus on making Europe competitive (having the feeling that other Presidencies focused on social matters more) because we believe that a strong and competitive Europe will generate new and better working places as well as additional social benefits. I think I should mention at least four priority subjects which I think refer well to your comments. Firstly, we believe that the most important thing is labour force mobility in the EU labour market. It is one of the greatest achievements of enlargement. We are very happy that countries like Britain responded at the very beginning and sent an important signal to employees and workers in our part of Europe. Then we pay a lot of attention to flexicurity principles. We believe that employment and labour market flexibility should be increased. Another important priority is horizontal support for families within EU policies, not just selective but really horizontal support, and social services as a tool for active, social inclusion of the most disadvantaged persons and as an employment opportunity. I would not agree that social policy will be neglected during the Czech Presidency. Rather, we are trying to focus on the areas which were not fully covered in the previous periods.

Q9 Baroness Howarth of Breckland: Are you in fact saying that some of the social policies are embedded and intrinsic to some of your other programmes?

His Excellency Mr Winkler: Very much so, yes.

Q10 Lord Kerr of Kinlochard: Ambassador, in your initial presentation you explained the three priorities of the Presidency, one of which was energy/climate change, and that you would be ensuring systematic preparation for the Copenhagen Climate Change Conference in December. Can you expand on that a bit? How do you think the EU can best prepare itself and how do you think it can best influence other players at Copenhagen?

His Excellency Mr Winkler: The international agreement on adopting commitments for the reduction of greenhouse gas emissions beyond 2012 has become the ultimate priority for the Czech Presidency in the area of climate change. We are going to conduct the necessary preparatory negotiations to achieve a worldwide agreement on setting obligations in terms of the reduction of greenhouse gases after 2012. There is a series of meetings; some of them are traditional and they are called the Bonn talks. Two of those intercessional meetings will be held in Bonn in Germany in March and June this year, and those talks will undoubtedly represent another positive move forward within the negotiations conducted by the contracting parties to the United Nations Convention on Climate Change regarding how global agreement at the Copenhagen Conference could be achieved. As I have mentioned before, this will be a job for the Swedish Presidency, but of course we will act in that period on behalf of the EU in these talks and at the same time the Presidency will also prepare an EU common position for the Copenhagen Conference in December. Just today there is a seminar/workshop on climate change which started on 18 January and at the end of the workshop the European Commission presented a communication on the direction of negotiations prior to the Copenhagen Conference. There are five thematic areas being covered: financial aspects relating to the implementation of both reduction and adaptation measures; the legal form of future agreement

on climate change; the issue of measurable and verifiable criteria for activities in support of climate protection; EU international negotiation strategy during 2009; and to minimise the adverse impact of climate change on developing countries. I would like to stress one important point which appeared quite recently. According to statistics published lately, foreign direct investment outside Europe decreased by 41 per cent and therefore we see that some countries will really suffer a lot in this global economic crisis. We believe that climate change should not become a victim of this. We should really work hard to firstly make the EU able to set a good example for other important players like China, India, Brazil, and the United States of course, to accept our position. We also see environmentally friendly technologies as one of the great opportunities in how we cope with the economic crisis.

Q11 Lord Sewel: Just to follow that up, I suppose nothing would be worse than a weak and ineffective international agreement which would just amount to a bit of cynical window dressing really. After all the EU's climate change and energy package is not put together with total ease and concord. What do you see as the main challenges that face the putting in place of a robust package and specifically do you see any role for enforcement?

His Excellency Mr Winkler: First of all, we are very pleased that again we can build on the energy/climate package agreed during the French Presidency in December which agreed those 2020 goals. No, your question on enforcement is very tempting but ---

Q12 Lord Sewel: Go on, give way to temptation!

His Excellency Mr Winkler: I cannot say I see any space for enforcement. I very much believe that those commitments should be driven firstly by a good example and secondly by market principles, so we should try to come up with proposals which will make it attractive to implement environmentally friendly technologies. Enforcement - can you imagine?

Q13 Lord Sewel: We know that the problem with Kyoto was that there was no enforcement. We have got Canada saying recently that it has just given up on reaching its targets and putting policies in place that would make that possible. There is a great temptation to sign up to an agreement that has wonderful sounding targets and then to bin it further down the road, is there not?

His Excellency Mr Winkler: I am also accredited to the International Maritime Organization and recently I had a discussion with the Secretary General. I argued exactly about this issue because they have their experience with enforcement measures on shipping. As you know, there is a tendency to leave shipping and also air traffic out of the legally binding structure. It was the Secretary General who confirmed that they receive much better results through incentives to introduce new technologies than through enforcement. I agree that some legally binding structure has to be in place but this is something that will be widely discussed and might even have a discouraging impact at the moment. I think as Europe in particular we should rather demonstrate that this is something which we do for us, not something we do in order to generate new advantages for us.

Q14 Lord Hannay of Chiswick: Just following this up, perhaps the word 'enforcement' is grating on your ears a bit, but implementation of any package agreed at Copenhagen is surely going to be essential, and for that you are going to need a structure in the UN which is much more robust than currently exists. You will not, I would have thought, and you might like to comment, get the US on board in any package if they do not believe that there is any likelihood that other parties to it will actually be brought to fulfil and honour the obligations they have entered into. That is what Congress will be on about. I think that if the Europeans take too relaxed a view about enforcement, the result will be that we will not get an agreement and so it would be better I would have thought if the Europeans could work up rather carefully ideas in which the UN agency or body which had a responsibility for

implementation could be shaped up for part of the Copenhagen agreement. Burden-sharing between the developed and developing countries is going to be at the heart of this negotiation, but nobody is going to accept it if they do not think it is going to be honoured.

His Excellency Mr Winkler: Thank you for that comment. If I may, Swedish colleagues are here so I am sure they have listened carefully!

Chairman: In that case, Lord Plumb?

Q15 Lord Plumb: Ambassador, I am almost tempted to ask whether you see any space for enforcement on the Common Agricultural Policy as one that has been with us for a long time as you well know. This Committee gave its opinion on the Health Check and it had views on the longer term effects. The French Presidency of course did try to take it further than the Health Check but whilst there was not even unanimous agreement on the Health Check it was impossible to take it further past 2013. We are encouraged to note that the Czech Presidency has already said that it is willing to try to take this further. I would like your opinion on that and I would particularly like to hear your comments on the views that some member countries have of the possibility of switching money from pillar one to pillar two. The environmental area of course is one of great concern and great importance which can be applied in so many different ways in different countries, for obvious reasons. It is an important issue and we would like your general comments on where we go after 2013 in particular.

His Excellency Mr Winkler: Lord Plumb, I think we are quite happy that on both the CAP and the budget review are still waiting for the key documents from the Commission - the Health Check and the White Paper on the budget review - because I am sure that we all agree that CAP reform is connected with the EU budget report as it is an important part. The activities of the Czech Presidency in this sphere of EU budgets will depend on the publication date of the White Paper on the budget review by the European Commission. I am afraid that the present financial crisis, and also uncertainty about the outcome of the Lisbon Treaty

ratification could have a significant impact on the timing and discussion of the budget review. The outcomes of the budget review discussion, which will take place during the Czech Presidency if the White Paper is published, will be summarised in the Progress Report. The Presidency will then submit that report at a meeting of the General Affairs and External Relations Council, and then after that the dimension of the CAP would be specified and the discussion on CAP reform will start, but I am very sceptical that this will happen during the Czech Presidency. Good for us!

Q16 Lord Paul: Ambassador, you indicate in your statement and in answer to the first question that you are fully committed to achieving better regulation and that you will recommend that the better regulation agenda should continue into the new Commission. In which areas are you particularly keen to see more effective initiatives for achieving better regulation, and how will you achieve this? How important do you consider the proper use of impact assessments in ensuring better regulation, and at what stages in the legislative process would you like them to be used more extensively, and how will you achieve this? Also will you see that better regulation is also simpler regulation? How are you going to make sure that the older regulations are deleted because sometimes old regulation remains and new regulation is done for the same thing and it ends up confusing the regulators as well as the regulated.

His Excellency Mr Winkler: My Lord, better regulation appeared as an important chapter in our work programme as a part of our competitiveness priority. We believe that the improvement of regulation, including the reduction of the regulatory burden, is an important factor for improving competitiveness and making it easier to engage in business, in particular for small and medium-sized enterprises, which as we all know generate a substantial part of GDP. I was told that 99 per cent of businesses are small and medium-sized enterprises. The Presidency is interested in the fastest possible implementation of the initiatives submitted on

the basis of the outcome of the evaluation of the administration burden on businesses and in approving further steps in the action programme for reducing administrative burdens at the Spring European Council. Furthermore, the Presidency will support the exchange of experience and best practice examples in the public administration systems of EU countries, primarily in the area of the introduction of electronic devices into administrative processes and electronic public administration, e-government, as a tool for reducing the administrative burden. Our Presidency will insist on carrying out an impact assessment on newly submitted policies because often the first step is to increase the administrative burden, so we believe that there should always be an impact assessment of any newly submitted policies, including assessment of alternative solutions and a comprehensive presentation of the main findings and data obtained through consultations and impact assessment to the public. We will also focus on timely and more intensive use of impact studies on the EU decision-making process. We will lead the preparation of the Council's positions on the third strategic review of the Better Regulation initiative and we aim to recommend the continuation of its agenda when the new Commission takes office. Furthermore, the Presidency will strive for consolidation and support for the use of instruments improving the implementation of EU legislation, so a combination of these three factors should deliver.

Q17 Baroness Howarth of Breckland: We all want to see better and more streamlined regulation and we all want to see less regulation very often, but I just want to ask you that when you look at this in your Presidency you will also bear in mind that sometimes for some people that means looser regulation and not necessarily the protection of the consumer. I wondered how your Presidency would balance better regulation, which means not just less but stronger legislation in relation to protecting consumers, particularly as we are going to have a Consumer Credit Directive coming forward?

His Excellency Mr Winkler: I know that this is an important issue which is always raised of how to keep the balance because consumer protection needs regulation to set standards to protect the public health. I am not sure if in our work programme there is any clear advice or any clear decision on how to keep that balance. I promise, I will have a look to see if we can answer this question on how to keep this balance. My answer right here would probably be based on common sense.

Q18 Lord Sewel: Ambassador, one of the areas that has caused recent concern, particularly to the UK agriculture industry, is the Pesticides Directive where the Commission basically refused to carry out an impact assessment. Do you think that can be avoided in the future?

His Excellency Mr Winkler: The issue of pesticides is of course an issue of the productivity of agriculture and in the end the price of food. So we share the concern that the Pesticides Directive could lead to an increase in the price of basic essential food. Because this is quite a new thing, again, this did not appear in our work programme but we will supply you with a written statement if you wish.

Q19 Lord Sewel: I think, Ambassador, there are two things. There is the substantive issue of whether it is a good or a bad thing to do what the EU did on pesticides but there is a worrying business on process which was the actual refusal by the Commissioner to produce an impact assessment.

His Excellency Mr Winkler: Thank you.

Q20 Lord Sewel: Could that be avoided, do you think?

His Excellency Mr Winkler: Thank you.

Q21 Lord Jopling: Following that, there is a long tradition in the Commission of withholding evidence which would, if published, materially improve the opportunity for the

Council - I am thinking of a particular case - to carry out certain policies. There is a long tradition of this policy in the Commission of trying to inhibit agricultural practices in order to suit political ends. I am thinking of a very similar case to Lord Sewel's years ago when there was the introduction of a proposed ban on growth-promoting hormones. The use of growth-promoting hormones led to cheaper food and the ban led to more expensive costs in producing that food, and this was introduced at a time when the Commission failed to publish a scientific analysis of this. This is one of the really very bad records that the Commission has had over the years in inhibiting methods of food production by political devices. I would like to think that the Czech Presidency would stamp on the Commission very hard when it was attempting anything of this sort.

His Excellency Mr Winkler: Lord Jopling, thank you very much for that comment and for reminding us all. If you say this is an old established practice in the Commission, we cannot confirm that as a relatively new member, but we will definitely take this as an inspiration and recommendation to pay attention to it and we will work on it.

Chairman: Ambassador, thank you very much indeed for having given us such a wide range of answers to our questions this afternoon. It has been useful for us at the beginning of the Czech Presidency to have had this opportunity to meet you, to put the questions to you, and to have had such very helpful answers. Can we wish the Presidency well for the remaining five and a bit months and hope that it goes forward and that you have a very successful Presidency. Again, thank you very much indeed for coming together with your colleague and we are very impressed by how many of your other colleagues have been here in solidarity with you today. Thank you all very much indeed.