



# HOUSE OF LORDS

Unrevised transcript of evidence taken before

## **The Select Committee on the European Union**

Inquiry on

### **EVIDENCE SESSION WITH BARONESS ASHTON OF UPHOLLAND, HIGH REPRESENTATIVE FOR FOREIGN AFFAIRS AND SECURITY POLICY, VICE-PRESIDENT OF THE EUROPEAN COMMISSION**

*Evidence Session No. 1. Heard in Public. Questions 1-19*

TUESDAY 14 JUNE 2011

4 pm

Witness: Baroness Ashton of Upholland

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Members present

Lord Bowness  
Lord Dear  
Lord Dykes  
Lord Foulkes of Cumnock  
Lord Hannay of Chiswick  
Lord Harrison  
Baroness Howarth of Breckland  
Lord Jopling  
Lord Maclennan of Rogart  
Baroness O’Cathain  
Lord Plumb  
Lord Richard  
Lord Roper (Chairman)  
Lord Teverson  
Lord Tomlinson  
Baroness Young of Hornsey

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Lord Jones  
Lord Radice  
Lord Selkirk of Douglas  
Lord Williams of Elvel

**Examination of Witness**

**Baroness Ashton of Upholland**, [High Representative for Foreign Affairs and Security Policy, Vice-President of the European Commission].

**Q1 The Chairman:** On behalf of the Select Committee and members who are here today from our Sub-Committee C, which deals with foreign affairs, defence and development, let me say that we are extremely pleased to see the High Representative for Foreign Affairs and Vice-President of the Commission, Baroness Ashton. We are very pleased to see you again and we are also very pleased to see your Chef de Cabinet, whom I think we saw something of when you were taking the Lisbon Treaty Bill through the House. We also know that you need to leave promptly at 5 pm, so we will make sure that this stage of the meeting comes to an end promptly then.

I remind you that, as you can see, this meeting is in public. It will be televised and a transcript is being taken. We will, of course, send you a copy of the transcript and you will have the opportunity to make minor amendments, although it will be published online in an unamended form first. I remind members of the two Committees to declare any relevant interests when they speak.

I would like to ask you the first question. Could you give us your impressions of your first 18 months as High Representative?

**Baroness Ashton of Upholland:** First of all, I thank you, Lord Chairman, for the invitation to appear before the Committee and the Sub-Committee. It is quite nice to be back in my old stomping ground and to see many familiar faces.

When I took the Lisbon Treaty through your Lordships' House I was conscious that we were creating something brand new. Little did I know that I would be part of that creation and I often jest that perhaps there were one or two things that I might have changed had I known at the time.

The first thing is to recall that, of course, what we created in my role was the bringing together of three distinct jobs, held very ably by Benita Ferrero-Waldner as the previous External Relations Commissioner, by Javier Solana as High Representative and by the rotating presidency, which, as noble Lords know, changes every six months. The presidency performed many functions that now fall to me—all the political meetings with every country across the world and all those formal discussions fall to me. I am President of the Foreign Affairs Council but also responsible for bringing together Defence Ministers and Development Ministers to discuss issues of common concern, as well as, of course, being the Commissioner described as the British Commissioner and appearing before the European Parliament on a regular basis.

So my first impressions for the 18 months are that this is a huge role, created without deputies and created on paper without any reference to look back on of a description of how it would actually be in practice. On appointment I was given the Treaty—I joke that it was the Treaty and a pencil—but that was it, so everything we have done we have had to create. The first 18 months then have been about trying to establish with all the different constituencies what it is they really want this role to be. Not surprisingly, there are different views across Member States, across the European Parliament and within the Commission and the institutions. But in essence we have managed to get to the point where there is a general political agreement of what we are seeking to do—that I am creating a service for the Member States and for the institutions that will enable Europe, when it wishes to speak as one, to speak as one more effectively than it did before.

I describe that simply, Lord Chairman, as being economics meets politics. Previously as Trade Commissioner I spoke on behalf of half a billion people, making significantly better trade deals, in my view, than individual Member States could make but always with the agreement of all Member States. That was, in a sense, the economic part and it was reflected too in the work of the Commission in so many different ways in which it represents the Union. What we have added to that is the ability to be able to reach agreement on our common political view, so that economics meets politics on the ground in our big relationships—whether it is with Russia, China, India, Brazil, South Africa or smaller countries across the world, or when we seek to influence and support countries, whether that is in the western Balkans or more recently in north Africa and the Middle East, or indeed in the work that we did in Côte d'Ivoire most recently or in our ability to collaborate with sanctions on Iran and so on. So it is about that political framework and I think we now have the framework with which to operate.

My final comment is that we are at the beginning not the end. I have said a few times that it is like flying a plane while you are still building the wings and somebody might be trying to take the tail off at the same time. You are always in low turbulence but none the less the plane has left the runway. Over time, through my mandate and beyond, I hope that we will see a significant difference that will be to the benefit of this country as much as to the benefit of all the others.

**Q2 The Chairman:** Do you think that the Foreign Affairs Council, which you now chair, could be made more effective?

**Baroness Ashton of Upholland:** I think that it is becoming increasingly effective. I enjoy chairing the Foreign Affairs Council very much—I may regret those words, because I am chairing it again on Monday. It is a monthly opportunity for the 27 Foreign Ministers and me to get together. Increasingly we have moved away from, if you like, the set-piece discussion. Of course a lot of work goes on beforehand. All noble Lords will know that, in order to reach the conclusions we do, a lot of that work is done in the different committees to enable us to have a common framework, but it is also true that increasingly our discussions have a stronger and more political framework. By that I mean that we arrive without having reached full agreement or that we take it upon ourselves to have a more political discussion about what we might do. I have used the capacity to have informal conversations as a way of enabling us to do that more frequently. Sometimes we do not know what our conclusion at this point should be, but we need to discuss some of the big issues that confront us. I am confident that we are getting better at doing it.

It is also worth saying that since I arrived as Chairman we have had, I think, 11 new Foreign Ministers, who have only ever known me as Chairman, so in a sense the dynamic is also changing in the committee.

**Q3 Lord Teverson:** High Representative, I, too, welcome you on behalf of Subcommittee C on foreign affairs, defence and development policy. We have had much help from your staff over the last couple of reports that we have done and we have very much appreciated that.

I would like to ask about the External Action Service, which is a new organisation completely. Setting up anything like that is quite a task. You have gone through such issues as who is eligible to be a member of it, quotas, which I think you have batted away pretty strongly, finding a building, the accusations perhaps of pause, of not always being able to move on on the main agendas, the UN setback initially, reversed now, and now the budget neutrality argument. I wondered what you saw as the programme over the next 12 months to consolidate all the hard work that has been done and maybe move away from some of that controversy into the full role that, as you say, the Lisbon Treaty maybe saw for the External Action Service. I would be particularly interested in comments on budget and budget neutrality.

**Baroness Ashton of Upholland:** Nobody is more aware of the economic backdrop against which this new service was born than me. I am extremely conscious of the economic situation of a number of Member States and, indeed, way beyond that. It is really important, therefore, that we consider, first and foremost, how to have the most effective use of the resources that we have. You will know that I have put in a 10% efficiency drive across all the budgets that I can control—in other words, all the money that I have flexibility over—such as using video-conferencing rather than travel where that is more efficient and thinking about ways in which we can look at our resources. I have started a review of what we have overseas. We have rented property; we have some purchased property. All of this you inherit. You have to do a serious piece of work to review what we need where, what is most effective and how to make sure that we have the right staff in the right places. It is

worth saying that a lot of the staff whom we have overseas are not actually the EAS. They are development people working for the Commission, supporting development programmes. I notice that Fiji featured in one of our newspapers today. All the staff in Fiji work across the whole region; that is why it is a centralised delegation. It is very important for me that the budget is reviewed and reflects the economic backdrop.

The one bit of budget that I cannot control is the administrative budget. The reason is very simply that, in creating the service, staff were brought to me from the different institutions. I inherited them. They are very able, great people but there is no capacity to manoeuvre around that number and they all need to be paid. The amount of money that was transferred with them does not match the amount of money I have to pay them, so one of the challenges has been having to ask for an increase for the budget simply so that I can pay them what they expected to be paid. It is a flat budget as far as I am concerned; I am not giving them anything extra.

In addition, one of the great challenges that we face is that we have the creation of a new country, Southern Sudan, where I know members of this Committee are very keen—I think, Lord Chairman, you wrote to me recently—to see us have a delegation that can provide support, and it is a country that will need a lot of support. We have the potential to open an office in Libya. I have opened, as you know, an office in Benghazi, but I am sure in this country, as in every other, people would wish to see us, when the moment arrives, have a delegation in Libya that can enable that country to develop. I want to put more resources into Egypt, Tunisia and across north Africa. I cannot do it without people and there is only so much I can do by way of manoeuvring. Remember that in most delegations the staff who are EAS may be only one. The rest are Commission development people doing fantastic work, but they are not mine.

So there is a real challenge for me in getting that big efficiency gain that I want to see, reviewing all the premises, allowances, everything across the world. We recognise the economic realities that we face and recognise that people are doing a good job and should be rewarded for that, too. We look at what we can do to reallocate resources in order to focus on the priorities that we currently have while also remembering that it is important to keep good contacts in many parts of the world and remembering our commitments to many parts of the world that need to be fulfilled.

The only reason you see an increase is that I simply was not given that bit of the budget sufficiently to be able to cover that many staff and at this point I have no room for manoeuvre with the staff. I cannot send them anywhere else; they are mine for the time being and I have to pay them.

**Q4 Lord Teverson:** Just briefly, what would you see as the three milestones for the next 12 months, which is really part of the broader question?

**Baroness Ashton of Upholland:** The milestones for me would be, first of all, to try to complete the work on bringing the people together into one place. Currently they are in eight buildings across Brussels. That is not good for working together, it is hopeless for economies of scale and it costs quite a lot of money in rent, so the plan is to try to bring them into one building. I have not completed that yet because, again, I am trying to do that as cost-efficiently as possible and that is not so easy when you are trying to also buy furniture at the same time. But I need to bring them together and I need to get rid of some of the leases we have.

The second one is to build the priority that I have set myself for the neighbourhood into the programmes that we have, to get the Neighbourhood Policy, which we have rewritten, absolutely at the core of what we do, working for all Member States so that everybody feels a sense of ownership of that. That is going to be really key. The third for me is about



keeping and strengthening those big strategic partnerships that we have, whether that is with the USA, Russia, China, India, Brazil or South Africa, trying to make sure that we are collaborating effectively, not just in our neighbourhood with those countries but also recognising the importance of the bilateral connections that we have.

**Q5 Lord Williams of Elvel:** High Representative, you are very welcome here, of course, in your own home. How do you see the long-term future of EEAS? Is it to be a foreign office for Europe? Some Member States seem to take a rather different view. Could we have your comments on that?

**Baroness Ashton of Upholland:** I do not think that the External Action Service is a replacement of what countries do very well, and that is as true in this country as it would be in many others. I think what it offers is something that countries do not do, and that is when you are able to bring together the common policies of all 27 and develop an approach that means you have more bang for your buck. For example, when we are able to speak as one—not with one voice but with 27 as one—in our strategic relationships with China, when we are able to collaborate with the United States as a European Union, and when we are able in our neighbourhood to bring together our support more effectively, then we can deliver more for the people of the European Union. Foreign policy for me is about what you deliver for people at home. It is about recognising that in the day-to-day lives of our citizens how effective we are on trade, on climate change and on counterterrorism, what we are able to do on security policy, how effective we are on building political relationships to deal with challenges as far flung as the terrible earthquake and tsunami in Japan, what happened in Haiti or the floods in Pakistan, or indeed in how we simply develop the strengths of our view in the world and the values that we hold, is really the essence of what this is and it is complementary to the work of the individual foreign offices of the 27 countries.

Some countries would like to see it gain momentum in future, and maybe it will, but I stick to where the Lisbon Treaty took us. It was a treaty that I got to know quite well for quite a while and I read bits of it every now and then. It is very clear to me that what we are trying to do is be more creative and more effective. Where we take it in the future will depend on our effectiveness in the next few years as to whether Member States and the institutions believe that this has more to offer and that there is more we can do.

**Q6 Lord Hannay of Chiswick:** High Representative, you mentioned the fact that in many of the overseas missions there were only rather a few EEAS staff and that many of the staff did not “belong to you”—not, I think, a phrase that a Foreign Secretary would ever use. What are the arrangements that you have to ensure that you get unified reporting and advice from your overseas posts and that they receive unified instructions when they take action on behalf of the Union?

**Baroness Ashton of Upholland:** Yes, I was only making a distinction about precisely when you count up numbers and I read many different figures of how many people are supposed to work for the service. It is important to know exactly whom we have responsibility for in terms of staffing and those who are part of the European Union services but not directly responsible in terms of their pay and rations, if you like, to me.

One of the biggest questions that we had at the beginning was how to ensure that if you are Trade Commissioner and you have trade staff operating across the world you can have a direct line of communication to your trade staff, but that the effectiveness of the mission is dealt with overall by the head of delegation, as we call them. I think we have reached a good accommodation, which says essentially that the job of the head of delegation is to be the person who has overall oversight of what goes on—in policy terms the individuals working in development would be working with Brussels, but the overall framework under which they work is done by the head of delegation.

Let me give you a specific example. When we are dealing with some of the large countries that we have a relationship with, we do not wish to find ourselves having a political conversation that might be quite difficult at the same moment as we are trying to complete a discussion on a trade issue which might be to our benefit for the European Union but which might not necessarily be helped by the difficult conversation that we are having elsewhere. It is important that the head of delegation is in control of the agenda and the timetable and is making sure that we think through the overall relationship. So far that seems to work well.

**Q7 Lord Maclennan of Rogart:** In your opening remarks, High Representative, you mentioned that the function is to service the Member States. Does that in any way prevent you from taking a proactive role as High Representative in identifying opportunities where the states can come together to make an impact, particularly in a crisis situation when you are dealing not with month-to-month discussions but with something like the Libyan troubles at the moment?

**Baroness Ashton of Upholland:** I think that I said a service to the Member States not to service the Member States, and I make the distinction because the role is there to provide the European perspective for all Member States. But, yes, the right of initiative is part of the Treaty. So, for example, in Syria it was my initiative that we should consider sanctions at this point to explain to and to put pressure on the regime in Syria and President Assad. It is very important to do that, in my view. There are a number of cases where we are busy on crisis co-ordination, taking the initiative to work out how we can be more effective, whether that is in relation to a natural disaster or whether it is an issue that is born of the terrorising of people or the changes that are happening. The Neighbourhood Policy was an initiative taken by myself with my colleague Štefan Füle, rewritten completely by us. It did not go through the Member States as such but was put before them. The initiatives to involve the European Investment Bank and the European Bank for Reconstruction and Development were ours.

So, it is a combination. We take a lot of initiatives but we are also conscious that our initiatives need, in the end, to be backed up by the 27 Member States in order for them to be as effective as possible. It is a conversation that goes on all the time where we say, “This is what we think should happen”, after which we collaborate with our Member States to try to achieve that.

**Q8 Lord Plumb:** I wonder how you react to the claim that EU delegations are seeking to expand their areas of responsibility at the expense of Member States’ embassies. I ask this question because in my last five years of life in the European Parliament I had the privilege of presiding over the joint assembly between Europe and all the African, Caribbean and Pacific countries, of which then there were 78, if I remember rightly. My relationship with all the embassies was as good as one could expect, both from the European embassies and certainly from those embassies represented in Brussels that were anxious to know how the situation was in other areas of the world. I was a bit surprised to hear it claimed that there is a certain amount of jealousy between the national delegations and the European responsibility, as I saw it then and see it still, of the European Parliament.

**Baroness Ashton of Upholland:** I do not think that there is jealousy. I think inevitably when you pass a treaty into law and then you look at it and implement it a lot has to happen between the words of the treaty and the actions of the people on the ground. They have to fit within the treaty. I think for some countries in some areas and some of our delegations that has been a dialogue about, “What does that mean? How do we co-ordinate effectively?” For example, in many countries the EU head of delegation will convene a meeting weekly or monthly—it depends where they are—of all the ambassadors from Member States, where they share information, discuss joint actions and work out what the European response should be. For example, how should the EU institutions consider the resources they have to support the country or to support particular events and how do they collaborate to put

pressure on Governments to make what we call *démarches* to those countries? That is being worked out in many countries on the ground. We have enabled people to say, “How does it work most effectively for you?” If it went perfectly from day one, it would be astonishing.

I have not had any challenges from any Member State at all that we are doing some kind of what you might call mission creep. Nobody has said that. I have 27 Foreign Ministers who would not hesitate for a moment—I cannot think of any of them who would hesitate—to tell me if they had a worry about a particular thing. So it is quite possible that on the ground it has been a bit patchy as it has worked its way through, but the instruction from us is, “You have the Treaty, all Member States passed the Treaty, they have all signed up to it, so let’s make it work but let’s make it work in the way the Treaty says and make it work in a practical way that is going to be beneficial for all Member States on the ground”.

**Q9 Lord Foulkes of Cumnock:** Isn’t that the problem in relation to your offices overseas? Lord Maclennan was asking about taking positive, forward-thinking initiatives on behalf of the European Union, whereas in fact surely they have to reflect the lowest common denominator for fear of treading on the toes of any of the Member States and particularly on their embassies in the countries concerned.

**Baroness Ashton of Upholland:** No, I do not accept that. You would think that, perhaps, but I think it is far from that. I am really ambitious for what we could do and I am ambitious for what Europe—the countries, the Parliament, the Commission—is able to do in the world to make a difference for our people and for what we are able to achieve for people, particularly at the moment in our own neighbourhood, in north Africa and the Middle East. I think the only way to do that is to be as ambitious as possible, so when we take action we are looking to try to bring everybody up to, if you like, the highest common factor not the lowest common denominator. You do not always succeed on everything at this stage but you do succeed in getting the sense of that is what we are striving to do.

In most cases, when you think about how we try to approach our support in Egypt or Tunisia, or what I have been doing in the western Balkans, in Bosnia, Serbia, Kosovo or wherever, it has been about trying to make a big difference, trying to make sure that we are using what we have to help negotiations take place, to try to sort out conflicts, to bring institutions with lots of resources in to be able to support the people in Egypt and so on. That is highest common factor stuff and we are supported in that by all Member States. So it is not about the lowest common denominator, not least because it is not just me who is ambitious; on practically every issue there are some Member States that have real ambition to see things happen and that care passionately. If you look at the 27, their outlook is slightly different. Some look perhaps more in one direction than another and they tend to lead but everybody wants to go with them. It is pretty ambitious, I think.

**Q10 Lord Hannay of Chiswick:** High Representative, you are responsible, of course, for the external security of the Union when policies are agreed on it and Commissioner Malmström is responsible for internal security. You may have seen a report that this Committee produced on the internal security strategy, in which we underlined the importance of the proper co-ordination of these two faces—these two sides of the same coin. I wonder whether you could say a little about how you see that going ahead. We were very pleased to hear that the Committee on Internal Security, COSI, and the Political and Security Committee have had a first joint session just a few days ago. I imagine also that there is the issue of posting some people abroad who have responsibilities in the internal security area. Perhaps you could just say a few words on that.

**Baroness Ashton of Upholland:** They met, I think, on 1 June for the first time. This is the early stages of them being able to collaborate as effectively as they might. The ambition of Cecilia Malmström and myself is to try to make the internal and external security issues join up. On the work that we are doing with countries overseas, let me give you the example of

India. When I am working with that country on some of the external security questions, whether that is piracy issues or whether it is much more about our collaboration on issues that will affect Member States, which I will not say too much about now, then we are trying to make sure that that is joined up with the internal security issues. It is extremely relevant when it comes to our relationship with the United States, where I deal with the external and Cecilia deals with the internal, but where it comes together in the relationship that we have and the agreements that we have with them. Again, this is quite early days, but we are trying to make that as seamless as possible because it is so important.

**Q11 Lord Dear:** High Representative, a moment ago you mentioned Syria, a country with substantial internal problems, as we all know. One that had a lot of its own internal problems years back was Bosnia, which you again brushed across a moment or so ago. Bosnia, of course, was a country that you visited in May this year and I wondered if you would like to share with us what the outcomes of that visit were and what progress, if any, has been made in reconfiguring the international presence there and, of course, the EU presence within that.

**Baroness Ashton of Upholland:** I went to Bosnia and Herzegovina for two particular reasons on this trip. One was to talk with President Dodik from Republika Srpska, as you know, to persuade him to move away from a referendum. Noble Lords who have followed the situation there will know how difficult that is and how alarmed people were by the prospect of what it might mean. He did so. I had a long discussion with him. He is a politician whom I would like to see spend more time worrying about the whole of the country and to take a responsibility for that rather than just for Republika Srpska, frankly.

I also went to talk with a number of the politicians in Sarajevo, Mr Izetbegović particularly and Mr Lagumdžija, about the need to get a Government moving in that country. Unemployment, when I last looked at it, was running at 38%. There is a whole generation of

young people who are looking for a future and who need to be given that future. I think their future has a European perspective. I have always felt that we should be keen to welcome eventually Bosnia and Herzegovina into the European Union and I would like to see them move forward on that path. That means that they have to make some serious decisions and they have to get the Government together and focus their attention on what they need to do to implement some of the things that are still left to be implemented and to develop the political strategy to move forward.

In terms of what we are doing for the European Union, I decided quite early on that we needed to improve what we had on the ground—good delegation but not powerful enough. You will know that I have just appointed Peter Sørensen to go to Sarajevo. He will take over the responsibilities that were the European responsibilities from the office of the High Representative there, currently Valentin Inzko, who is doing a fantastic job, but my objective is that Peter Sørensen will be able to support him and develop what the European Union is doing. The challenge that I have given Peter is to work as closely as possible with all the politicians, not just in Sarajevo but beyond, around the country, to develop this idea of the European perspective, to show that there is an economic and a political benefit. They need to have a strong Government, they need to fulfil their obligations, just as they did with visa liberalisation—if they put their mind to it, they can do it—and they need to collaborate with the countries around them which are, of course, moving in that direction too. I hope that we will be successful.

**Q12 Lord Dear:** Is there anything beyond the EU, apart from those neighbouring countries you mentioned, that you foresee should be drawn in over and above the EU contribution?

**Baroness Ashton of Upholland:** We already have the United States engaged with that and I talk with Secretary Clinton about the Balkans regularly. She and I meet, as you know, very



regularly and that is one of the key subjects in both our phone calls and in our meetings. We also talk with Turkey about Bosnia. They have an important role. Ahmet Davutoglu, who is the Foreign Minister of Turkey—again, he is somebody with whom I am in regular dialogue, as you would expect—knows very well the ambitions that we have. Also with the Peace Implementation Committee, with the Russians and with others, we are trying to move forward with what I think is an agreed perspective. Looking at it from the outside, Bosnia's future lies with us and they need to move forward and get there. They need a lot of help to do it, which we are perfectly willing to give them, but I know, and this is particularly true for this country and for this Government, that this is something that people feel very passionately about and something we need to do.

**Q13 Baroness Young of Hornsey:** High Representative, you have mentioned several times what has happened in north Africa and in your recent speech you talked about the challenges and the opportunities that the changed situation there might have. I wondered if you could just expand on that a little and say something about how the EU might adjust its relations with north African countries in the light of the so-called Arab spring.

**Baroness Ashton of Upholland:** It is extremely important, I think, to start by saying that each of the countries that have seen change is different and should be treated differently. There are similarities but they are different in terms of what stage they are at, what they want to achieve in what timescale and so on. So the first thing we have done is tried to work with each country, particularly Tunisia and Egypt. We will also do this with Syria and Libya—as you know, I have been to Benghazi recently—but we are talking with other countries in the region, such as Jordan, which are in the middle of change, to try to work with them to offer the best possible support. Change without chaos is a better perspective because chaos quite often leads to people being killed, as we have seen. So we want the change that can be

done to be done with people feeling that they can really sense the direction that they are heading in.

Within that there are two very strong and key aspects: economics and, if you like, the political machine. In economic terms you have countries such as Egypt, which has lost 45% of its tourism. It is a great time to go to the Pyramids. It is a country that relies heavily—I think it is \$12 billion a year—on tourism and has really suffered. In Tunisia it is the same, although not quite the same levels of money. We all know that getting tourism back can take a little time because people tend to book in advance and have made decisions already. Also, because of the unrest, industry has not been functioning properly for many weeks. I think that in Egypt one in 12 people works, one way or another, for the Government, if I may call it that loosely—local government, central government and so on.

So in all these countries there are big economic challenges that need to be addressed. We have to do that in a number of ways. First, we have to rethink the level of support that we give and to find new money. Secondly, we have to bring in institutions such as the European Investment Bank. We are trying to change the mandate of the European Bank for Reconstruction and Development so that it is able to support the southern neighbourhood properly. If we are successful, that will release several billion euros a year into the southern region for infrastructure for the private sector and the development of the economy, which over time will make a significant difference, such as the completion of the Cairo metro—there are lots and lots of roads and buildings. There is great vision among some of the politicians there who want to do things such as building a million houses over 20 years, which has all kinds of potential for building infrastructure in local communities alongside that. I can talk for hours about that but I will not. On the economic side, we need to be bringing in the institutions, providing more resources and getting Member States to think about this. Out of the Deauville G8 meeting, I think work is also going on to try to engage private

sector involvement and to look at issues such as debt relief, which could make a big difference.

Then on the political side it is about helping them to build the political parties. A young man I met in Benghazi said, “We want the everyday life of democracy that you have”. There is a great sense of the young people in Tahrir Square whom I met several times. They say, “This is our first election in Egypt in 7,000 years”. There is a great sense of wanting to have democracy but understanding that the election is simply a moment in time. What I have called in some of the things I have written “deep democracy” is what you are trying to do. That is about independent judiciary, it is about the rule of law, it is about independent administration, it is about the capacity to throw a Government out as well as to elect one. It is knowing that the election that you cast your vote in is not the last one and that there will be another one, and knowing when that is. It is about having the administration to administer elections, which is no easy feat. A million Tunisians who live outside Tunisia need to be registered. They have decided to delay the elections. I think from an administrative perspective that is a very sensible thing. This is about the ordinary day-to-dayness of all of the things that go alongside democracy: transparency, openness, accountabilities, freedom of the press, which is a huge issue in some countries—55 newspapers have opened in Benghazi in the last few weeks, which is fascinating; I got about 10 or 12 of them—radio stations, all sorts of things, where people feel able to have their voices heard and to have some kind of accountability.

On all that, I think that we have something to offer, either because we have civil societies in our countries that can engage with them or because many countries in the European Union went through change, particularly in eastern Europe but not just there. The Spanish are talking to Tunisia; they have experience. There are countries which can remind them of what not to do and which will recognise that they do not want democracy to look the same. It has

the same elements to it but this is democracy for those people, not democracy exported and implanted somewhere else.

Those two sets of things are important to try to balance: economic certainty for a young population eager to have jobs and education and so on, and then the political machinery that you need to make sure that democracy takes hold and becomes deep.

**Q14 Baroness Howarth of Breckland:** High Representative, from what you have just said it is absolutely clear that it is economic stability, which brings everyday, ordinary stability to people's lives. One of the things that you mentioned in your speech was trade. We all know that it is trade not aid that brings systems into countries and enables them to gain that stability. I just wondered what you thought Europe and your organisation could do to give the opportunity to these countries to gain that trade through the Union. In your speech you were a little uncertain. You asked whether there was the political will to open those trade capacities and I wondered what you meant by that and what you thought you could do and what Europe should be doing, because without that underpinning all the rhetoric we will not have any implementation.

**Baroness Ashton of Upholland:** Having been Trade Commissioner, I feel very passionately about the role of trade and you are right to point to my question about the political willingness. Let me say what I meant by trade, first of all. It is about our willingness to open our markets to enable people to more easily access this half a billion people of the European Union who are a fantastic market for businesses across the Middle East and north Africa. But this is not just about opening our markets; it is also about people being able to access those markets. For example, we have standards about the kind of quality of product that we wish to see, particularly when it comes to fruit or vegetables or anything like that, so people have to meet those standards. So you need to support them to be able to do that. Very often with countries—this is certainly true of Pakistan—there are issues about having the market

open but also huge amounts of potential revenue to be got if they can meet the standards that we require.

Then there is aid for trade, which is a big part of what we offer. That is about how you support people to be able to trade. Anyone connected with small businesses anywhere in the world will know how difficult it is for small businesses to be able to find the capacity to look outside. I will give you just one statistic that I remember well from being Trade Commissioner. In the European Union, 8% of small businesses trade across the Union and 3% trade outside, so 97% of small businesses do not. Some of them will never do that because they are not geared up to do it; it is not what they are for. But if you simply double that in the European Union, knowing the backbone that small business is to Europe, to this country and to every other, you could make a real difference. Well, reverse that. If we can enable and help small businesses or bigger businesses in the Middle East and north Africa to be able to trade with us, so much the better. So it is about opening markets, helping people to access those markets and aid for trade.

A final example of that is what I call my mango chutney factory; it is an example that I use a lot, because it is about helping people to go beyond exporting raw produce. Haiti produces the best mangoes in the world, I am told—apologies to any mango producers who would claim differently. If you can not just export the mangoes but also build the capacity to make mango chutney, you build a factory, you produce hundreds if not thousands of jobs, you make the jars and the labels, you can export further because the product lasts longer and so on. It is true in many parts of the world that if you can get the production into the country you can also enhance the capacity for trade.

The political will is for the 27 countries to be willing to open their markets further. In countries where there is direct competition, that is tough and it is really tough in this economic climate. I think the question that we have to ask ourselves is: what is the option of

not doing that? If these economies do not grow and develop, we lose markets, too. The potential for the European Union to sell its goods into the increasingly strong economy of Egypt or Tunisia or wherever is also a huge potential benefit in the medium to long term, if not in the immediate short term. So it is about political will and political foresight but it is also about recognising the realities that governments across the Union are facing when they look at their own economies and about trying to make sure that you have that balance right.

**Q15 Baroness Howarth of Breckland:** How optimistic are you?

**Baroness Ashton of Upholland:** I am always optimistic, but I am genuinely optimistic. I think that the Neighbourhood Policy, when we produced it, went down very well with Member States. I think for some it will be more of a challenge than for others—I recognise that—but I think that there is a genuine willingness and understanding from all politicians that it is our responsibility to support our neighbourhood. That is in our own interests, that is for sure.

**Q16 Lord Bowness:** Commissioner, on the Neighbourhood Policy, clearly north Africa is top of the list in terms of concern, together with the Middle East, but can we be assured that countries such as Ukraine, Moldova and Georgia, which, as you will know better than I do, are of great importance to the European Union in terms of immigration, crime, potential trade and stability, are not going to lose out in terms of resources and, perhaps more important, diplomatic effort while everybody is looking at north Africa?

**Baroness Ashton of Upholland:** That is a very important point. Certainly in terms of trying to get resources in, we asked the Investment Bank and the European Bank for Reconstruction and Development—I have just talked about them—for additional resources. Not one euro will move across from the east to the south from those institutions. This is additional money, for precisely that reason. There is still a big job to be done and only when that job is done could you move more. For us, I am a believer that our neighbourhood is our

first responsibility, but I mean all our neighbourhood, and the situation in countries like Belarus is very alarming for us. We have, as you know, sanctions there but the situation economically is quite disturbing.

With Ukraine, we are really trying to close the free trade agreement. I think that that would make a big difference and we have strong political meetings, involving me, the Prime Minister and the Foreign Minister, as well as Štefan Füle, the Commissioner responsible for enlargement and neighbourhood, who works with me. Ukraine is an important country and, again, I think that there are some really worrying issues at the moment, not least what is happening with Yulia Tymoshenko. The political director of the EAS is going to Ukraine soon to have bilateral discussions as well.

As we have talked about, the western Balkans are extremely important to us, and I include all of them, including the former Yugoslav Republic of Macedonia and what is happening in Transnistria. I was in Moldova quite recently to talk about how we can try to support a solution to Transnistria, something I am trying to work on with the Russians, because what the Russians believe is the end product of the discussions is pretty much what we believe, so if we could get the Russians to discuss with us how to support Transnistria into the future we could resolve that. It is a frozen conflict that really could be sorted out. I would also mention Armenia and Azerbaijan because what is happening in Nagorno-Karabakh is also very worrying at the present time.

So, it is all our neighbourhood and there will be no lack of diplomatic effort. It is why I have put great emphasis on improving what we do in Bosnia and it is why on Serbia and Kosovo we are leading the talks in Brussels. As you know, I worked very hard to make sure that there was a sensible resolution at the UN and worked very closely with the Prime Minister of Kosovo, Mr Thaçi, and with President Tadić in Serbia to try to help them. The key to that is practical solutions on the ground for people. Issues like number plates or customs and so

on make individual people's lives difficult and, if we can make those a bit easier, that will also help to smooth the pathway for some serious discussion.

**Q17 Lord Jopling:** High Representative, can we turn to Iran and the Iranian nuclear dossier? Could you explain to us the European Union's strategy towards that and how effective you feel it is, particularly to what extent you think we can dissuade the Israelis from taking the law into their own hands? Secondly, could you tell us what you believe are the implications of events in the wider Middle East, not just north Africa but right over the Gulf and so on, to the European Union's approach to Iran?

**Baroness Ashton of Upholland:** As you know, I am mandated by the Security Council to lead the dialogue and the talks with Iran on its nuclear weapons programme and that is on behalf of what you call either the P5-plus-1 or the E3+3, but it is the same countries—France, Germany, Britain, America, Russia and China. So I conduct the talks with the political directors of those six countries with my opposite number in Iran, Dr Jalili. We have had two rounds of talks, which I conducted over two and a half days each, very deliberately making them longer so that there was time for bilateral discussions, for pauses for consultations and so on, as part of a twin-track approach that includes also the sanctions regime. I believe firmly in both tracks. I believe that as a signatory to the Non-Proliferation Treaty the Iranians have a responsibility to uphold that treaty and we, as the international community, have a responsibility to make sure that they do. We are the guardians of it and as the guardians of it you have to act. The sanctions are designed to bring the Iranians to negotiation so that we can sort this out. The dialogue that we had with the Iranians is still open.

We put on the table at the last negotiations two sets of issues for them to consider, including the Tehran research reactor and the potential for support from what is called the Vienna Group, which is the Russians, the Americans and the French, and for ways in which



the Iranians could build confidence by allowing the International Atomic Energy Agency inspectors to be able to do more of their job. Those remain on the table with an offer that they can put things on the table too, but so far they have not taken up that offer. I have had a recent letter from Dr Jalili that does not move us any further forward and I am now considering my reply. I consider my reply in discussion and dialogue with those members of the P5-plus-1.

There is no doubt in my mind that we have to keep up the pressure on Iran. There is no doubt in my mind that they should take the responsibility seriously, but there is nothing that the Iranians have done to dissuade me from the idea that they are trying to move towards a nuclear weapons programme. The last time I looked, they had 2,800 kilograms of low-enriched uranium, for which I can see no other purpose than to try to build towards greater enrichment—as you know, beyond 20% up to 90% to weapons-grade level. If they wish to continue with their claim that they are simply having a peaceful civil nuclear programme, it is in their hands to do so. If they let the inspectors do their job properly and so on they could resolve it if they wished, but until they resolve it you will see the sanctions continue.

It is difficult to see how this will unfold. Certainly on my recent visit to the Gulf, the Gulf states were concerned about the role of Iran. You will see that in the statement that we issued at the end of the Gulf Cooperation Council/EU meeting, where they are worried about the potential for Iran to interfere, as they would see it. There is no doubt that when one talks to the Israeli Government they are deeply concerned about Iran. I do not know that there is a real move to do anything other than be concerned at this point, but we need to see Iran move in the right direction and I am very concerned about what this means not just for the region—or especially for the region—but also for security elsewhere. In that I am joined by countries such as China and Russia and so on who feel equally concerned about it.

**Q18 Lord Tomlinson:** I add my welcome to you, High Representative. I am pleased to see you. I want to turn to the contribution that the EU is making in Libya. I read—almost with disinterest—a sentence in your speech to the European Parliament, when you said, “I say to them this—in the last weeks and months we’ve seen how far we have come in some ways, but in this, how far we have to go”. My question is going to be a little bit more direct. Isn’t the EU appearing to many people as incoherent both in relation to its efforts in Libya and, more worryingly perhaps, in relation to its goals?

**Baroness Ashton of Upholland:** I would expect nothing less than a very direct question from your Lordship.

**Lord Tomlinson:** We don’t get the opportunity as often as we would like.

**Baroness Ashton of Upholland:** I am very happy to answer it. I think that you have to, first of all, reflect on what it is that the European Union does and what is within the competence of individual Member States. Defence policy is a competence of individual Member States. The decisions that are taken by Britain, France and Germany, to mention just three, are determined at national capital level. Where the European Union comes together and where I was arguing in the European Parliament that we are just at the beginning is where we are able to collaborate together on defence issues for, again, two specific reasons. I will give you two examples.

The first involves the 12 countries—I think it is 12 at the present time—which are currently collaborating off the coast of Somalia in Operation Atalanta, where we have frigates and helicopters provided by different countries to support prevention of piracy. That is a defence strategy within the European Union by all 27, executed by those particular countries, and it works well. It is much more effective to do that together and share it. The command is here in the UK, in Northwood, and it works very well—it is highly acclaimed across the world. So, too, we could talk about what we do in Bosnia and so on.

We have good examples where we are beginning to pull together on defence, but that is where everybody agrees. Where you have a situation on defence policy where individual countries take their own decisions, which is where we are in terms of the European Union, then you will find that they make different decisions. The European Union's challenge and my challenge is to find ways in which I can bring defence together.

My second example is some of the discussions I am having with Defence Ministers now about the fact that, again, the economic climate provides an opportunity, if I can use that word, to think about what we call pooling and sharing. One concrete example is improvised explosive devices in Afghanistan. A big piece of work has been done by the EU working together to try to prevent people from being injured by improvised explosive devices, understanding how they work, understanding how they are planted, understanding who makes them and so on. It is a collaborative European project, which has made a big difference. That is when defence policy can come together. So in those ways we are trying to move forward and make a better job of making defence policy more effective, where everybody agrees, but we cannot do it where there are disagreements.

What I am trying to do in Libya is three distinct things. The first is to get humanitarian aid in. We have provided more humanitarian aid money than anyone else. We have moved 55,000 people, third-country nationals, out of Libya safely, using the assets, if you like, of our Member States. We have put in a huge amount of money—I think it is €150 million—in support and we work closely with the Red Cross, Médecins Sans Frontières and others to try to support them.

I am also working up a programme that means that we will be able, should we be asked by the UN, to mobilise military assets in support of humanitarian aid. I will give you an example from Haiti. In Haiti we had hospital ships that were military. We had ships moving machinery around the island because the roads were impassable. We had ships that did not need a port

to get the machinery on, as the harbours had collapsed. There are lots of different ways in which you need what the military have but you are not using it in a military context. So, we need to be able to bring together support if we are asked to.

Thirdly, we are building with the African Union and the Arab League. I will be meeting with them on Saturday in Cairo again to talk about how the regional international organisations can work together to support the people of Libya when the conflict ends. I am particularly concerned about a vacuum being created and what could happen if Gaddafi goes and NATO stops its mission, about how we get people into that next phase and about what I talked about earlier—the kind of building of a political machine that enables people to have the dialogue, the referendum, the constitution. Whatever it is that they actually want, they will need help. It is really important that, under the UN mandate and Mr Al-Khatib, who is the UN Special Envoy, we are working together. That is what the EU does.

The day when I think you will have the potential to do more on defence policy is not here yet, and that is what I was saying to the European Parliament. It is for Member States to decide that because defence is a very sovereign issue, and I think that is right.

**Q19 Lord Radice:** Let me follow up on the defence question and the intervention in Libya. I was one of the members of Sub-Committee C on foreign affairs, defence and development policy, who were in Brussels at the time when this was being discussed among Member States and there clearly were big differences, particularly between the French and the Germans. In a sense, this was a very difficult issue for you. How did you deal with it and did you learn any lessons from it?

**Baroness Ashton of Upholland:** I do not think that I had to deal with it in the sense that the capitals were in discussion. We knew what was going on and, you are right, a lot of discussion was going on about where Member States would sit, because the 27 Member States are represented in Brussels and were having those deliberations. But we knew quite

early on that there were different positions. It was not just the French and the Germans who were in different positions. These are extremely difficult decisions to take and in 27 countries they were not taken lightly. If it had not been France and Germany, if you had looked beyond that, there were other countries that were concerned about what role if any they should play and what it should be and so on. France and Germany in a sense, perhaps, highlighted that, but they were always talking with each other about the different positions and they were both in Paris for the meeting. At that discussion, you will recall, Chancellor Merkel made it clear that Germany would take on other responsibilities to support the countries that were engaging in the action before NATO then took it over. Of course, NATO has all these countries represented in it.

So it is not surprising that that was a difficult dialogue. It is not surprising that there were differences of view. What is good about the European Union is that you can have those debates and countries still sit round the table and still continue to work to try to make those issues where we have a common view as effective as possible.

**The Chairman:** High Representative, it is 5 pm and we gave a clear and firm commitment to your staff that we would release you at 5 pm. First, the whole Committee would like to thank you very much indeed for coming. It has been well worth waiting for, although we were getting a little impatient. Secondly, it is very reassuring to listen to you and to hear that you are taking a complete grip of this topic and doing as well as we would have expected you to do. Thank you very much and all our very best wishes for your continuation. Perhaps we will have a chance some time to come and see you in Brussels.

**Baroness Ashton of Upholland:** Please do.