

WEDNESDAY 23 JANUARY 2008

Present

Anderson of Swansea, L
Boyce, L
Chidgey, L
Hamilton of Epsom, L
Hannay of Chiswick, L
Roper, L (Chairman)
Selkirk of Douglas, L
Swinfen, L
Symons of Vernham Dean, B
Truscott, L

Witnesses: **Mr Jim Murphy**, a Member of the House of Commons, Minister for Europe, **Mr Nick Latta**, Head of Russia Section, and **Mr Martin Shearman**, Head of CFSP Group and European Correspondent, Foreign and Commonwealth Office, examined.

Q392 Chairman: Minister, thank you very much for coming to give evidence to us again. As you know, we have been undertaking an inquiry on the European Union's relations with Russia. We have taken evidence from quite a number of people already. We have visited Moscow, where we had a great deal of help from the Ambassador and saw a number of interesting people, including the Deputy Foreign Minister. You are our last but one visitor. The Committee decided last week that it would invite the Russian Ambassador to come and give evidence to us, and he has agreed to come and do so on 7 February. As you know, we will be taking a note of this and you will be sent a transcript. Can I begin by saying that the European's formal strategy document, the *Country Strategy Paper for 2007-2013*, is still based on the proposition that Russia shares "European" values and that these should form the bedrock of the EU-Russian relationship. Your division seems to have come.

Mr Murphy: Which will give me eight minutes to think of an answer!

The Committee suspended from 3.37pm to 3.43 pm for a division in the House of Commons

Q393 Chairman: Minister, welcome back. I was referring to the Commission's document, the *Country Strategy Paper for 2007-2013*, which is based on the proposition that Russia shares "European" values and that these should form the bedrock for the EU-Russian relationship. Do you feel that that represents current realities, and if it does not, does the European Union need to devise a new hard-headed strategy towards Russia which omits the requirements of sharing value but provides a timely approach to and perhaps a long-term framework for cooperation?

Mr Murphy: First of all, My Lord Chairman, thank you for the comments you made, in particular about our Ambassador in Moscow, and I will make sure that the appreciation of your Lordships is brought to his attention, because certainly the Foreign and Commonwealth Office think that Mr Brenton is doing a spectacularly good job in often very difficult circumstances, him and his team, so that is very much appreciated. Perhaps I could also introduce my two co-witnesses, Mr Latta, Head of Russia Section, and Mr Shearman, Head of CFSP Group. In terms of the specific question, I think the previous agreement reflected a reality as was, a shared aspiration and a shared belief that this is the way in which the European Union and Russia's relations would evolve post-Soviet era. It reflected the wish of Russia at the time, the Russian leadership and the Russian people, and a desire by the European Union to have a sense that together we were part of a collection of nations which shared modern European values. I am sure part of our conversation today will be about whether that is still a valid assessment of the nature of Russia's aspirations. I think a more beneficial approach is not to have a quasi-European values-type conversation but to embed our strategy on seeking Russia's continued approval and adherence to multilateral agreements it has willingly entered into. I think that is probably a more constructive framing of our approach rather than a sense of, "We would expect you to sign up to exclusively European values." It is about getting Russia to adhere to its already voluntarily agreed to commitments

in the multilateral environment. I think that would be a more productive outcome. In truth, it also reflects the changing nature of Russian politics and Russian leadership.

Q394 Lord Anderson of Swansea: Minister, your paper in principle takes us through to 2013. Much has changed in the face of Russia. Is there, in your view, a case for a re-writing of the paper, or in any event presumably under the normal processes there will be revisions from time to time?

Mr Murphy: It has to stay relevant to the changes in the nature of the European Union, but also Russian politics and Russian governance. I think you are right in reflecting the change that there has been over recent years in terms of Russia's posture on the international stage and a re-emergence of diplomatic confidence and international confidence, based partially on the buoyancy of natural resources and partly because of the changing nature of the leadership at the top of the Russian Government. In fact, we have all rightly expressed opinion, observation, and criticism when appropriate, about the fact that the democratic space in Russia continues to contract. So it is important that as part of any successor agreements the obligations Russia has entered into internationally are reflected, and reflected in such a way that when Russian behaviour conflicts with those international agreements we are very clear about that.

Q395 Lord Hamilton of Epsom: The objective of this Committee is to actually suggest that the long-term membership of Russia in the EU should not be ruled out, which does not mean that you make it a candidate tomorrow. If Yeltsin had turned out to be competent and uncorrupt, I suspect we might well be talking in terms of it being a candidate now. Are we not slightly looking short-termist at Putin? This could all change in ten or twenty years time if Russia regards itself as a European nation. Should we rule it out indefinitely as a potential member of the EU?

Mr Murphy: In the short and medium term it is of fundamental national and international importance that the EU has a detailed agreed bilateral relationship, absolutely, in terms of trade and so many other issues. As to Russia and formal membership of the European Union, I suspect I will answer this in a similar way to how I have answered the question, “When will you invite Ireland to rejoin the Commonwealth?” A country has to apply and my sense is that any objective reading of President Putin’s intentions, in the short time he has left formally in power in Russia, is that is not his intention and there is no indication that his appointed/anointed successor has any inclination in that direction. It is not something we should rule out, but it is something that Russia herself would have to motivate. If that were to be the case, then we would be back into a conversation about European norms of behaviour. That is absolutely certain.

Q396 Lord Chidsey: Minister, in your description of Russia’s position in regard to the European values which we share amongst the European Union, it has been said on a number of occasions in evidence we have taken that Russia’s view on its relations with the EU is to try, whenever it can, to deal bilaterally with European key countries and to deal with the EU in its entirety when it has to. I wonder if you would reflect upon that in terms of Government policy, but could I just ask you a question about the existing partnership and cooperation agreement? It has in reality reached its term, but of course remains in force. Again, the views we have had expressed to us from the Russian perspective is that they are in no hurry to see him negotiate his replacement because it is not particularly popular with them in the sense that it is so restrictive. Russia has this view, understandable, that it wishes to be treated as an equal and it therefore becomes more difficult to re-negotiate or to modify, extend if you wish, an agreement which they do not see as treating them in the way they would wish to be treated by the EU. I wonder whether you might like to comment on that?

Mr Murphy: On the wider point about bilateralism versus multilateralism, first of all we do value, as the UK Government, very dearly our bilateral relationship with Russia in all sorts of ways – culturally in the art exhibition which has opened this week from Russia, which I have not had a chance to see myself, cultural ties, economic ties of phenomenal importance to the United Kingdom, and of course to Russia and the international environment those bilateral relationships are very important. I think Russia’s approach to these matters, Russia’s preferred position, is a series of bilateral relationships with 27 individual sovereign Member States. Of course, in instances that is inevitable, perhaps even desirable in some instances, but generally the United Kingdom and the majority of European partners do prefer to have a multilateral approach. Examples of that in recent cases, as your Lordships are acutely aware of, are the Litvinenko case and the case of the British Council. We were successfully put in a multilateral environment ostensibly by a bilateral dispute. Other Member States of the European Union can see the potential read-across to their own relationships with Russia, and I think that is the most effective way. The way one can explain it in the Commons in its relative shape, but nevertheless true, is that 27 voices with all sorts of different accents and different languages are much more effective than one when it comes to talking to Moscow. When it comes to the new PCA, the existing PCA stays in place, of course, it is rolled over until a successor is agreed, but I think it is important and the Government believes it is important that there is a successor to it because again it is a creature of its time. It does not properly reflect the nature of the threat of terrorism. From my recollection, I do not think terrorism is mentioned. The word “terrorism” I do not believe is mentioned in the existing PCA. There is one passing reference to climate change. There is not enough on some of the other issues which have emerged since then, migration and other matters. So there is a need to update it to reflect the challenges which have emerged since, and those are some examples that we are working pretty hard to make sure are reflected in the new PCA.

Q397 Baroness Symons of Vernham Dean: Minister, you said 27 voices, but surely the point is that actually it is one voice on behalf of 27. I just wondered whether 27 voices (i.e. everybody behaving like a nation state) might not in fact be more effective, 27 ambassadors going and demanding a call, 27 prime ministers ringing up and saying, “I demand to make this point,” would be in some ways arguably more impressive than one voice saying, “I am speaking on behalf of 27,” and the Russians being able to say, “Well, you know, that’s all because they have to act by consensus and the Brits have persuaded them.” I just wondered whether that last point you made was really quite as compelling as you made it sound.

Mr Murphy: I think 27 voices with one message would be compelling, but one voice with one message speaking on behalf of 27 offers the consistency and the clarity, which I think is important in our dealings with Russia, because 27 individual voices offers the opportunity for finesse and nuances of messages. I think it is important that there is one clear public message. I think your Lordships and I certainly would celebrate not discussing the Reform Treaty in any great detail, so it gives us another opportunity of welcome respite temporarily from that, but one of the important reforms in the Reform Treaty is the fact that we end this rotating presidency. On our relationship with Russia over the past two to three months, before Christmas we sought and achieved very strong support from our European colleagues. Under the Portuguese presidency we had to go through this chain of accountability and management of the process was through Lisbon. I have no complaint about that. The Portuguese were very helpful. But within three to four weeks we rightly saw another European statement. The chain of influence and coordination went through Ljubljana. It does complicate it, and I do not wish to draw your Lordships into a discussion, that is an opportunity which your Lordships will have another time, but potentially this change can be really effective in terms of a coordinated quicker response when it is necessary in respect of Russia, because sometimes Russia will judge not just the content of the response but the time it takes to get the

response as a matter of how significant Member States take the issue. I think that is an important perspective on this rotating presidency issue.

Q398 Lord Hannay of Chiswick: Minister, you suggested that rather than use a sort of vague phrase like “shared European values” we should hold the Russians more to account on the commitment they have entered into internationally, by which I take it you mean the commitments under the Council of Europe’s founding documents and the OSCE’s Paris Charter. Do you think the conduct of the Russian parliamentary elections in December was consistent with their commitments under those two documents, and do you think the conduct of the presidential election, which kicked off yesterday against a background of one of the main potential candidates for the presidency being threatened with some rather obscure legal action, is consistent with those commitments?

Mr Murphy: If your Lordships would not find it disrespectful, there is a very straightforward answer to that, and the answer is, no. If your Lordships wish me to expand, I am happy to do so, but it is a very clear no. For example, the clear one in terms of the Duma election was the situation with the election observers, a very public and very clear international commitment that Russia herself entered into willingly now reneged on, and they then sought to share the blame with OSCE and ODIHR. The responsibility for that lies with Russia and Russia’s leadership. In terms of the presidential election there is still an opportunity, despite the incident which has been referred to, for Russia to make good her commitment in terms of international unfettered long-term election observers, not tourists who pop in on the day of the election, wander around chaperoned to selected ballot boxes to declare how peaceful and open the process was, long-term and post-election observers unfettered who have the opportunity to observe the process. The electoral registers, the media coverage, the harassment of opponents, all of those sorts of issues are of fundamental significance when it comes to free

elections and the observation of them, which Russia herself signed up to and is not adhering to.

Q399 Lord Anderson of Swansea: Just a quick question on that. There was equally a number of commitments which Russia entered into at the OSCE in 2000 in respect of other matters which they now claim are not relevant because their then president was drunk and incapable and that they are seeking to resile from those agreements as a result on that excuse. Do we go some way towards accepting this?

Mr Murphy: President Yeltsin entered into agreements on behalf of his country, not on behalf of himself, and Russia should honour them.

Q400 Lord Hannay of Chiswick: Could we turn to the Energy Charter, Minister, and its Transit Protocol. As we understand it, the EU entered into that Charter in good faith with an aim of introducing transparency and a sound legal basis for the very large energy transactions between Russia and the European Union, but for reasons which I do not want to go into, and I do not think there is any need to go into, the Russians seem to have decided and to have communicated any number of times that they will not ratify the Energy Charter and its Transit Protocol. Do you assume now that whoever is elected in March that will remain the Russian position and that there is virtually zero hope of getting the Energy Charter and its Transit Protocol as currently drafted into effect? If you do accept that, do you think there is any value in continuing to try to persuade the Russians to bring it into effect in the face of their determination not to do so? The third part of the question: in that case, is there any sense in trying to save as much as possible of what is in the Energy Charter and the Transit Protocol either under the negotiations for the new PCA or in the discussions on the four bases or in some kind of separate discussion about energy?

Mr Murphy: On each of those points, do we think that post the presidential elections there will be reasons to be more optimistic? Mr Medvedev, we know from his cv that he does not come from a similar background to many of the other prominent individuals and leaders in Russia, so there are some reasons to be optimistic; not naïvely so, but there are some reasons to be optimistic in terms of his background. I am not sure it would be helpful to second-guess the outcome of that, but the Charter is the only multilateral agreement in play. The additional difficulty we have, notwithstanding the dynamic of the Russian elections, is that Russia has been remarkably imprecise as to what her concerns are. That is the difficulty. It is difficult to respond to concerns which are general in term and in tone and imprecise on any detail. As to whether this should be renegotiated, it partially depends on Russia's concerns, but we would also have to be convinced that in opening the process there was a political will at a senior level – and it comes back to the first question, of course – that there is a willingness to conclude something which is genuinely in our collective interest and which would then be adhered to. So there is no clear sense - there is an assessment but there is no assertion from Russia - as to what her concerns are with the current process and our assessment is that there is no compelling case that Russia is actually willing to enter into something which is binding and strategically worthwhile. In terms of whether it should be inside the new PCA, my understanding of the Charter is that it is more than, of course, just the EU and Russia, it is the EU, the former Soviet Union and Japan - and North America¹, I am told - so it is intricate in that nature. I think the best way forward is to remain with the Charter, willingly renegotiated if necessary, but only in principle entering into renegotiation if there is something worthwhile on the other side.

¹ The United States and Canada are signatories to the 1991 Energy Charter and are observers to the Energy Charter Conference established by the 1994 Energy Charter Treaty.

Q401 Lord Truscott: Minister, how much (if at all) does the EU need to worry about Russia using energy as a political weapon or at least a tool of foreign policy; and in that context do you have any views on the “Pipeline politics” controversies which there currently are – I am thinking of Nordstream and Nabucco, the South Stream recent agreement with Serbia, the proposed trans-Caspian pipeline system – and are we really witnessing a new great gain stretching from Central Asia through to the Balkans?

Mr Murphy: In general terms for Russia, energy sourcing, routes to market, is part of the wider geopolitics. That is clear by some of the activity. Our worry is not that there will be a wholesale turning off of the tap in future, our actual bigger worry, which I think I perhaps shared with your Lordship’s Committee in the recent past, is that our assessment is within five years with the level of current investment Russia will not be able to meet her domestic demand and her international obligations. That is the bigger concern which we have, very clearly, since I appeared before your Lordships before and that is not a concern which has disappeared at all. It still remains live in terms of the pattern of investment in the Russian energy infrastructure. In terms of the specific oilfields, I warned Mr Latta that this was a question I was going to ask him to make observations on, but certainly there is a number of principles which guide our approach. Firstly, the pipelines are driven by market and our assessment is that if that is the principle, then that would lead to a diversity of routes to market which should not give the European Union in general or any one nation in particular cause for specific concern. It is only when that market is distorted that that difficulty would arise. Therefore, alongside that first principle is the need for strong regulation of the market to avoid the distortion of competition, the distortion of the investment framework around the individual pipelines. As to the specific pipelines, I wonder if Mr Latta could offer his observations? It concerns Poland, it concerns Sweden and others around certain pipelines.

Mr Latta: My Lords, another element which would be key in all of this is the completion of a genuine internal market for gas and energy within Europe. So long as individual Member States are 100 per cent, 90 per cent or 70 per cent reliant on gas from a single source, then there is an unhealthy reliance and a lack of diversity. Once the EU creates a single market, then you should be looking more at 25 per cent of EU gas coming from Russia. That is the headline figure, as opposed to individual Member States importing 100 per cent of their gas from any particular country. Moreover, once you have created a complete internal market and the only issue is that the gas which comes in on any one pipeline suddenly mixes with all the other gas in the network, the power of an individual pipeline to influence the market is reduced. So delivering on this internal EU process of improving the energy market will be a key element in maximising energy security.

Q402 Lord Truscott: I appreciate, Mr Latta, that is the theory but it is difficult to actually implement that, is it not, when the EU Member States cannot agree themselves on the unbundling proposals, for example, liberalising the EU market? Whilst the EU market is not liberalised, that gives the Russians the opportunity to work bilaterally within the market and to develop bilateral relations rather than working in an open, free market?

Mr Murphy: In terms of the unbundling, usually the Government's argument is well-rehearsed unbundling. In principle we supported the UK citizens' benefit from the competition which is provided in the UK. Many millions of UK citizens have their power supplied by other European companies. The evidence is that unbundling increases investment and reduces cost, and that is important in the current environment. I think other European citizens should have that opportunity, and so should UK companies. There are some proposals, again as yet unspecified, about a third option from the Commission motivated partly, I think, by German concerns, but again the difficulty is that we are unable to respond to speculation about a proposal which has not yet been tabled. But we are waiting to see the

specifics of this as yet to be announced third option from the Commission on completing the energy market. Also – and Mr Latta mentioned this – the tone of the conversation in respect of reliance on Russian imports and Russian gas is different, of course, in different capitals. Lithuania, Latvia and Bulgaria are 100 per cent reliant on imports of Russian gas. Ourselves, Ireland, Sweden, the Netherlands and some others have zero imports of Russian gas². So the tone and the nature of the debate, for understandable reasons, is different in different capital cities but the important thing is to try and get European agreement around this 25 per cent figure.

Q403 Lord Hamilton of Epsom: My question follows on from that. Some of the evidence we have been given indicated that it is in no way in Russia's interests under any circumstances whatsoever to unbundle either their monopoly of gas supplies or their control of the pipelines, so are we not rather wasting our time believing that is going to happen? The greatest beneficiary of unbundling might well be the European consumer if we had a European grid system which actually extended over the Continent of Europe. Would we not be better off concentrating really on our own home areas rather than trying to bash away at the Russians, who are not going to move on this anyway? It is a complete waste of everybody's time.

Mr Murphy: We do think it is still worthwhile to continue to press the Russians on it for the reasons we have already spoken about, and we are making progress. Some of the moves in terms of the extension of qualified majority voting, for example, on energy policy may help in this direction and reduce the opportunity for protectionist tendencies within the European Union to block the completion of the single market on energy. It is an added opportunity to

² It is difficult to measure for certain the exact volumes of Russian gas imported into the UK. There are no direct gas imports to this country from Russia. Technically the UK can import Russian gas by pipeline only via the Bacton-Zeebrugge Interconnector or the Balgzand-Bacton pipeline (BBL). Given significant Dutch gas production, gas imported via BBL is probably Dutch. Thus the Bacton-Zeebrugge Interconnector is likely to be

give impetus to the completion of the single market on energy, so it is about doing both in parallel.

Q404 Lord Anderson of Swansea: Future generations may say that by failing to have a degree of solidarity against Russia we allowed the tentacles of Russian influence to spread all over Europe. Lord Truscott mentioned the recent purchase of the Serb gas company, the way Bulgaria has reached a pipeline deal with Russia which will lead to spurs going to Austria and Hungary, and in one sense the pass has been sold. We have no grid. Already the Russians appear to have a very substantial influence. What are the prospects of having solidarity, given the fact that when we in the UK did not need solidarity during the good days of North Sea gas in the eighties we were not very keen on it? Are there any real prospects of Europe as a whole having an “all for one and one for all” policy, or is it much too late to do that?

Mr Murphy: I do not think it is. I do not think, if we are all frank with one another, we are ever going to enter into a position where there is going to be a unanimity of approach on every issue. I do not think there is much mileage in investing vast political capital in a deal on unanimity on every issue, but on the big strategic issues it is of fundamental importance, and that is the importance of the success of the PCA agreement, particularly the matters I alluded to earlier which are not currently contained within the existing PCA. Those issues I referred to earlier, climate change, terrorism, migration, and others are judicial cooperation, are the issues which the European Union collectively will seek to form the content of the success of the PCA. It is on those very strategic issues that there is a collective position.

Q405 Lord Anderson of Swansea: Not on strategic energy?

Mr Murphy: I have explained some of the difficulties around that to your Lordships, the reliance of Bulgaria in particular. I think Bulgaria is one of those countries which are 100 per

the main source if any Russian gas imported into the UK. In 2007 imports from Belgium are likely to account

cent reliant. Tone of the conversation is different in different capital cities. The solution to this is, as we alluded to earlier, the twin process of continuing the market inside the EU and energy unbundling inside Russia.

Q406 Lord Anderson of Swansea: But the latest developments certainly assist the Italian/Russian South Stream. Are we assuming that the recent developments are likely to undermine the attempt to have a diversity of supply through Nabucco?

Mr Murphy: Again, with your Lordships' permission, I would ask Mr Latta to talk about some of the individual pipelines, if he is in a position to do so.

Mr Latta: There is a tension inevitably between the competitive agendas for individual pipelines – these are businesses after all – and the geopolitics of the source of gas, the route that it takes to market. South Stream is clearly in competition with Nabucco. If I was a businessman I would talk about the value options provided by the pipelines being distinct to Europe, in that Nabucco does provide diversity of route and supply, while South Stream provides some diversity of route but not of supply. It is for the consumer and for the European Union of 27 to assess the value to us of these different options, to what extent is security important versus the simple cost. Additionally, obviously, there is the question of how much individual pipelines would cost. Therefore, if you move all of these questions to a more commercial footing, the cost of gas coming through them becomes clearer and the consumer ultimately is better informed to make a decision.

Q407 Lord Truscott: If I may make a brief comment on the question, will Nabucco really improve security of supply as far as the EU is concerned because, as the Minister said, the real issue is future shortfalls in the Russian gas supply, and if there are those shortfalls then we are going to have a problem in terms of future supplies for Europe, whether Nabucco

for only about 0.5% of inland consumption, making that the absolute ceiling for imports of Russian gas.

exists or not? My second point is really for the Minister. Are we really talking about reciprocity in our relations with Russia in terms of unbundling and open access to markets and pipelines? My understanding at least is that that is not the policy of the Government, that we are not asking for pure reciprocity with Russia, because that is certainly not the case with, say, Saudi Arabia.

Mr Murphy: We are attracted to reciprocity as a principle guiding this. In terms of the other point about Russia five years hence – it is less than five years now in terms of the assessment – in addition to what Mr Latta has already said and what I have alluded to, an additional component of the solution to this is a different business environment where we all have business contacts in Russia, where the degree of bureaucracy (bureaucratic interference, to put it as neutrally as possible) is such that transparency in the market, operation in the market – because notwithstanding the phenomenal UK investment in Russia, the fact is that on occasion investors and business people continue to find that the market is not transparent enough. Again, I put it gently. So that is part of the solution in terms of the investment environment. The second in terms of the five year timeframe is just energy efficiency. Where we can be critical in general and in some specific terms, Russia is intellectually absolutely seized of the energy efficiency argument, which as we all know is a clear read-across in terms of climate change policy, and in fact in some cases engaging with Russia on climate change is much more effectively done through the argument of energy efficiency rather than a way which would be extreme in the United Kingdom.

Q408 Lord Hannay of Chiswick: Surely, Minister, it all comes back to the point you put your finger on, which is the doubts we all have about whether Russia is or is going to invest enough in its gas industry to provide the demand which Europe as a whole is going to put on it. We have heard a lot of evidence, quite compelling evidence, which says that they are not investing enough and that, moreover, they are not going to run their depletion policy to suit

us. When one sees not only the developments in Serbia or Bulgaria but also, for instance, their proposal to spend a great deal of money in Nigeria you are left with the feeling that they are not waking up every morning in a sweat wondering how they are going to provide enough gas for the Europeans in five or ten years' time. If that is so – and you have put your finger on that issue yourself – then surely the very large investments which would need to be made to have an alternative supply from Turkmenistan, Kazakhstan, and so on, through a pipeline of the type of Nabucco is something which Europe may have to contemplate even if it costs an awful lot of money up front, because finding out in five or ten years' time that the Russians are not supplying enough and that the price is going through the roof is not going to be a very comfortable position to be in?

Mr Murphy: In terms of the point about the profile of current investment, our assessment is that the current trajectory of investment and the publicly announced investment portfolio is not substantial enough to meet the obligations I alluded to earlier. It is not just a matter of the Russian state or Gazprom investing, it is also about the business environment. The degree of openness for foreign investment in the sector in Russia is an important component of this debate. In terms of whether the solution to it is the European Union collectively investing in a pipeline network through Central Asia, I return to almost where I started, which is that really if we set a business environment which allows the market to dictate pipeline directions and diversity of routes to market, that gets us to where we need to be. The short answer to this is that the European Union has not been and is not attracted to the colossal degree of investment which it would require. Your Lordships may, of course, have a different perspective on it and in five years' time you may say, “Why didn't the European Union do that?” but it is not currently, I think, in the short term expected to be part of any European agreement with the vast capital investment it would require.

Q409 Lord Selkirk of Douglas: May I ask about what you, Minister, consider to be the most effective way of making clear to the Russians our concerns about violations of human rights? It has been made clear to us that they do not wish to accept lectures from the European Union about domestic political matters. How would you suggest representations should be made which are not counterproductive and which are highly persuasive?

Mr Murphy: I think there are two components to that response. Firstly, which might sound a little counterintuitive, at one level we will continue to support NGOs, civic society, in Russia, even though on occasion that then allows them to be singled out as agents of a foreign government, which is regrettable and does not bear any analysis. For example, we provide funds to the equivalent of the National Union of Journalists in Russia and programmes on prison reform, sensible, reasonable, international norms in both fields. In terms of the most effective way, I think to some degree we have each individually reflected on it in our own way, to come back to this point about on all occasions seeking to do it in a multilateral environment and to contextualise it in terms of agreements which Russia herself as a proud sovereign nation signed up to. I know perhaps each individual would think, “Why don’t we just say this?” but it is counterproductive at all sorts of levels and will not achieve the desired response. It is in the context of international agreements and the multilateral approach, not just the EU but through others, the G8 and others.

Q410 Lord Anderson of Swansea: Minister, over the past six months Russia has hardened its position on Kosovo. It is very likely that after the second round of the presidential elections in Serbia independence will be declared unilaterally and that the Russians will probably prevent any recognition within the United Nations Security Council. Do you see any hopeful prospects at all of Russia’s position in respect of Kosovo moving positively?

Mr Murphy: Not at the moment. Forgive me if that was rather frank, but not at the moment. We have been through a process with the United Nations. We have had a period of

discussions through the Troika process. I think we have exhausted that process. The solution now is a coordinated (rather than unilateral) declaration of independence based on the Ahtisaari plans. We remain absolutely convinced of the merits of the Ahtisaari proposals and that the international community has a responsibility entered into in 1999 that we need to fulfil. In terms of the UN process, individual Member States will recognise an independent Kosovo and I think the European Union has a responsibility to create a reality on the ground by a prompt, coordinated response and recognition of Kosovo's independence to influence the situation on the ground and influence the diplomatic response throughout the rest of the world, not just within the European Union.

Q411 Lord Swinfen: What does this mean for the EU's increasing responsibilities in the Western Balkans?

Mr Murphy: Some of those who oppose the impending outcome in Kosovo try to overstate the read across the whole of the Balkans and this has a substantial fundamental impact on, for example, Bosnia. The way in which we argue this is that the international community has taken a different response to those issues in the Dayton Accordant and one of the Ahtisaari proposals on the other, so I think there is a willingness across the bulk of the international community to keep the momentum on a solution on each to continue without contaminating one with the other, but I accept in this process that others in fact from our assessment who have neither Kosovo's nor Bosnia's interests at heart can contaminate one with the other. Allied to this and of fundamental importance is that whilst never seeking to interfere in Serbia's elections – the people of Serbia will make their own judgment – the UK's view is that Serbia has a decision to make which will influence her future for many years to come, but that depending on the posture and the response from the newly-elected government, whichever colour or shape it chooses to be it should have a European perspective, to put it euphemistically, for the opportunity to be part of the European family if it so wishes, as

Kosovo should as well. So it is important that Serbia is fully aware – and we will seek to make sure this is the case – of the potential benefit of a successful outcome in Kosovo.

Chairman: Thank you.