



European Scrutiny Committee

Oral evidence: Scrutiny Report: Follow up, HC 918

Tuesday 20 January 2015

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Members present: Sir William Cash (Chair); Mr James Clappison; Geraint Davies; Chris Heaton-Harris; Kelvin Hopkins; Chris Kelly; Jacob Rees-Mogg

Questions [1-44]

Witnesses: **Rt Hon Mr Philip Hammond MP**, Foreign Secretary, Foreign & Commonwealth Office, and **Vijay Rangarajan**, Europe Director, Foreign & Commonwealth Office, gave evidence.

Q1 Chair: Welcome, Foreign Secretary. Happily, today is the 750th anniversary of Simon de Montfort's and our own Parliament, although I have to add that President Barroso indicated only recently that the European Parliament—and only the European Parliament—is the Parliament for the European Union. Of course, we would reject that. However, the Government's response to the proposals in our Select Committee report in November—which I have to say was seven months late, which is why, I think, you eventually had, as it were, to sign it off—came out very late. Indeed, it came out on the very last day—in the afternoon of the day when Parliament rose. That was extremely unsatisfactory, to say the least.

As to the substance, however: regarding our proposal for a veto, the idea that our vital national interest should be subordinated, as is suggested in the Government's response, to Government trade-offs or even disclosure of negotiations is not answered, I would argue, by the Government's minimalist proposal for yellow or red cards. Indeed, yellow cards have been overridden by the European Commission and, as to collective red cards, the Government itself, even now, proposes unilateral green cards.

On the question of disapplication of existing EU law, the Government's response was based partly on the internal market, but the Government, you will recall, has lost at least five legal challenges in the Court of Justice in relation to the City alone. The Government then went on to talk about UK obligations under the European Communities Act 1972, sections 2 and 3. However, this Act is voluntary and, when enacted in 1972, the White Paper that underpinned it gave an absolute guarantee of a veto. The 1972 Act is the same now, to all intents and purposes, as then. Furthermore, of course, the Prime Minister has asserted our national Parliament as the true source of our democracy. The third response by the Government was diplomatic consequences. I would simply say that these are subordinate to the supremacy of Parliament.

Turning to the questions, the current debates about immigration and terrorism have highlighted the potential impact of EU law, in that substantial immigration reform is preventable by EU free movement rights, and counter-terrorism measures such as the temporary exclusion orders could well come under the supervision of the Court of Justice. These are legal matters that we have been looking into. Our scrutiny report recommended that the UK Parliament should be able to disapply specific aspects of EU law, including the Charter of Fundamental Rights, which neither the preceding Government nor we wanted, and which we, effectively, voted against during the course of the Lisbon Treaty, but which of course was substituted by a protocol that did not work, which was prepared by Lord Goldsmith. Do you agree that recent events strengthen the case for a national power to disapply EU law by amending the EU Communities Act 1972?

Mr Hammond: Thank you, and thank you for inviting me here. Let me deal with some of those issues that you have raised, if I may, starting with the point that you have just made. There are many arguments in favour of immigration reform. I am not sure that recent CT-related events are the ones that I would cite as being most predominant there. In the case of the attacks in France, we are talking about people who were resident in France—I think, in all published cases, French nationals—and the failure is a failure to effectively integrate those people into French society, a failure to get them to adhere to French values, and a failure to spot what was clearly deviant behaviour, so I am not sure that that is primarily an immigration issue that is brought into focus by that.

Q2 Chair: I was thinking, if I may just say, that immigration is a separate issue with respect to the question of the free movement of persons and related matters. You will remember that the Prime Minister made a speech on 28 November, and I wrote to him, as it happens, on 18 November. I promised to give a copy of that.

Mr Hammond: And on the 19th.

Chair: You have a copy of the letter.

Mr Hammond: And on the 19th.

Chair: Of course you have. Yes. I was distinguishing between immigration and tourism as separate subjects.

Mr Hammond: Yes, but let us go to the heart of your question, which is about the idea of a national, unilateral power to disapply the *acquis* or pieces of European Union legislation. You will be well aware of the Government's position, which is to reject that idea as being not workable and not practical because, of course, if it applied to us, it would apply to all other members of the European Union. We would, effectively, have European Union à la carte, where different member states could choose to be bound by those bits of legislation they liked, and completely not bound by those bits that they did not like. Frankly, if I go to the functioning of the single market, which, for me, has always been the core and most important element of the European Union, it would completely disrupt the functioning of

the single market, probably very significantly to the disadvantage of British companies and British businesses.

It seems to me that, in any international rules-based organisation, when you join it, you accept the benefits of the other members being bound by the rules, and the disbenefits of being bound by the rules yourself. Clearly, what we would all like to do, in an ideal world, is join an organisation where everyone else was bound by the rules and we were not, but that is not practical, for obvious reasons. It seems to me that the case for an international organisation with a set of rules where each individual member can simply ignore those rules it chooses to ignore is, in fact, if I can put it this way, a wrecking amendment. It would make the organisation meaningless and make it impossible for it to function.

Rather, we think that we should take head-on the substance of our issues with the European Union and we should seek reform that addresses those issues. We should be frank with the British people and, when we have done our best at negotiating the best package of reform we can get, we should allow the British people to make the decision whether that is enough to make, on balance, Britain's national interests lie with remaining inside the European Union or not, and that is exactly what the Government is proposing to do.

Q3 Chair: On that analysis, we will accept whatever it is that emerges from decisions of the Council of Ministers. We will come, in a moment, to the change in the rules as of 1 November last year, but you are really saying that, because of what you have said, it is imperative that we simply accept all the obligations, whatever the consequences, of the European Union, as implemented under sections 2 and 3 of the European Communities Act 1972, forever.

Mr Hammond: No, I do not say that at all. I say that there is a difference between going into a negotiation and saying there are matters that we believe have to be resolved, rules and laws that have to be changed, and powers that have to be repatriated to national level; and saying that we want a generalised power, unilaterally, at any point, to disapply anything that we find inconvenient to us at the time. The latter is not reasonable.

Q4 Chair: You are saying that you could do it in certain circumstances, because we will be coming on to the Charter of Fundamental Rights a little later on.

Mr Hammond: No, I am saying that, as we go into a negotiation process about what shape a package of reform of the European Union looks like, it will be open to Britain to lay on the table any issues that it wishes to challenge: any laws that it wishes to see undone, and any powers that it wishes to see transferred. Clearly, merely putting something on the table is not the same as getting it agreed in a negotiation with our European Union partners.

My own view would be that we should focus resolutely on the things that will matter most to the British people and ensuring that we get those changes agreed, and put the package to the British people in a referendum. Those who do not think that the package goes far

enough will be free to put that case to the electorate, and there will be a debate. Nobody is going to be arguing, however successful we are in the negotiation, that the package we have agreed will make the European Union perfect. The arguments will be around the balance of advantages and disadvantages to Britain, and they are likely to be the economic advantages of being inside the single market and inside the European Union, and the disadvantages that will be seen through the prism of some loss of national freedom of action and some loss of national sovereignty, which we always have when we join an international, rules-based organisation.

Q5 Jacob Rees-Mogg: Secretary of State, thank you for coming. I take it, therefore, that your answer, quite clearly, is that there should not be a national power to disapply EU law and, therefore, the Court of Justice of the European Union should be the final arbiter of what we have agreed.

Mr Hammond: There should not be a national power to disapply European law. The Court of Justice has the role that it has, although one might note that our own Supreme Court is becoming bolder, perhaps, at least in the writings of some of the justices, in its thinking about the relationships between courts within the European Union. We are all very much aware of the role that the German Constitutional Court plays, and that is something that many of us regard as being an area of interest.

Q6 Jacob Rees-Mogg: Unlike other international organisations to which we belong, however, rulings of the CJEU are, effectively, law in the United Kingdom. Therefore, there is a fundamental difference between EU and other international obligations we take on.

There is one question that follows from that, and it is not on the disapplication of specific things that we have agreed to or that have clearly been passed, but it is on the acceptance of CJEU judgments as to what we have agreed to in the first place. This has been a recent concern over the road traffic regulations and the sharing of information, where they decided it was under one title base against the unanimous view of the Council, and we thought it was a title V opt-in issue. It applied some years ago over the working time directive coming in under health and safety. I wonder whether you would share my view that it ought to be the British Parliament that decides, not item by item as to what we have agreed but what the basis under which we have agreed is, particularly as the CJEU is a political court. You may have noticed the Lord Chancellor's comments in response to the President of the Court's extraordinary statement at the introduction of the new Commission, when he told them that their job was to protect the powers of all the European institutions and fight off Eurosceptics. I wonder if you would agree that we ought to have the right to determine what we have, in fact, agreed, rather than leaving that to the CJEU.

Mr Hammond: I have to say to you that I am wary of any approach that looks at a unilateral power for a national Parliament on its own. You quoted an example where, against the unanimous view of the Council, the Court found a different way. I am attracted by the proposals that I think the Dutch have been toying with that would allow an accelerated procedure for correcting EU law, where the Court has found in a way that, clearly, is at odds with the view of the Council, so that there would be an accelerated

procedure that then overwrote, as it were, the precedent that the Court's judgment established. I think, if we are going to be able to do this, we have to look at it not on the basis of single national Parliaments but on consensus between a qualifying minority of national Parliaments being able to intervene, similarly to the yellow card procedure.

Can I just saying something about the yellow card procedure? You said, Chairman, in your opening remarks, that the Commission had, effectively, rebuffed the yellow card procedure.

Chair: On Europol.

Mr Hammond: Exactly.

Chair: Actually, it is the European Prosecutor.

Mr Hammond: Yes. We need to be clear what we are saying: the Barroso Commission rebuffed it. Mr Timmermans has told me that he is clear that this Commission will respect the yellow card procedure, and I hope that we can have a clear declaration to that effect. This is something that can be put right simply by the political will of the new Commission to behave in a certain way in response to yellow cards.

Q7 Geraint Davies: You have made the case that there should not be a general right of veto for individual states because the European Union would be unworkable, but do you think there is a case for selective and individual veto rights by particular states? There are, in fact, examples where Britain has negotiated particular positions in particular areas of particular importance. Would you see that more selective, nuanced approach as more practical?

Mr Hammond: When I first came to this role and started looking at some of these things, frankly I was surprised by the number of individual opt-outs and overrides that different member states have. We are accustomed, in the UK, to being familiar with one or two of the important ones that we have but, of course, other member states have them as well. What that tells me is that the European Union, when all the blustering is done, can be quite a flexible organisation. I remember that Chancellor Merkel said, in relation to questions about the difficulty of pushing through a reform agenda that would meet Britain's requirement, "Where there's a will, there's a way."

The European Union, time and time again, has shown that, whatever the theoretical construct says, where there is a political will, there is often a way. In many cases, individual opt-outs have been used to get that last member on board when something needs to be agreed, and I would welcome that kind of flexible approach. Where an individual member state has a vital national interest at stake—for example, we have seen it recently with Poland and the climate change debate—other member states have shown a willingness to recognise those vital national interests and to be flexible in the way rules are applied, to allow an opt-out or exception for a single member state.

Just to be clear, I would approach the reform agenda, first of all, looking for a package of reform at 28 that would benefit all 28, because the vast majority of the items on Britain's agenda are not only good for Britain but good for everybody. It is good for everybody that we have more accountable institutions; it is good for everybody that we have an EU more

focused on delivering economic competitiveness, growth and jobs. There may, at the end of it, however, be items that have to be dealt with by exceptions to the rules for a single nation or a small group of nations.

Q8 Chris Heaton-Harris: Just a brief follow-on from that, if I may: there is, I guess, alas, another interlocutor in these discussions, which is the European Parliament, which might not be quite so helpful in a reform agenda. I just wonder what your views are on relationships that we have within the European Parliament and how our MEPs are going to be engaged in this process.

Mr Hammond: You are right, of course, and I should say at the outset that the exercise that I am engaged in now, in what I regard as the pre-negotiation phase up until the election, is focused primarily on the member states—on opinion-formers and parliamentarians as well as my counterparts in the member states—explaining to them what our agenda is, understanding their own agendas, and looking for areas where we can work together and where we have alignment of interests, and areas where other members have red lines that may impinge upon our agenda. I am acutely conscious of the fact that there is also the Commission and the European Parliament.

My early impression is that the Commission is going to be less of a problem in terms of moving forward Britain's reform agenda than the Parliament might be, but it is also my observation—and I defer to others, you included, Mr Heaton-Harris, who have a much more intimate working knowledge of the European Parliament than I do—from working with my colleagues in the Foreign Affairs Council that, perhaps more so among our European partners than is the case here, party allegiances deliver leverage and ability to influence, which sometimes can have surprising effect.

Once again, I come back to the points already made by Mr Rees-Mogg about the Court: the institutions of the European Union are political and, where there is a political consensus and a political will to get something done, the institutions are able to respond to that, I would suggest. Whilst recognising that the Parliament will be a challenging institution, I think if we approach it in the right way and if we have broad-based consensus at the level of the member states, and across the political spectrum within member states, that will be the best basis upon which to approach the Parliament.

Q9 Chair: You referred earlier to a recent case in relation to Germany and the Karlsruhe court. This opinion, which was given by the Advocate General, was, of course, on a reference from the German Constitutional Court concerning outright monetary transactions, and it addressed an issue between the German court on the one hand and the Court of Justice of the European Union on the other as to whether national constitutional law takes precedence over contrary EU law. The UK, of course, has a different constitutional arrangement altogether: we do not have a written constitution, and Parliament can amend or override the European Communities Act 1972, as it can any other Act. I am sure you would agree with that.

Mr Hammond: Yes.

Chair: Is this not a matter of principle and of sovereignty, and not merely a question of whether it is expedient in given circumstances? There are circumstances, which were envisaged in the white paper of 1971-72, where a veto would be required, and, for that matter, vital national interests, so you cannot really rule out, can you, the idea that we would repeal or amend the 1972 Act as a matter of principle? Do you not think it is time for the United Kingdom Parliament, not merely in respect of the reform package that you are seeking at the moment but as a matter of fundamental national interest, to assert itself by amending the European Communities Act 1972 where it is clear that there are circumstances in which United Kingdom law would apply, notwithstanding contrary European law? Surely, there is an answer, right at the heart of Government, to that simple question: who prevails? Is it that the people of this country, in general elections or in a referendum or in whatever circumstances might be regarded as vital national interests, would simply say, “We cannot and will not accept this law because it is not in our vital national interests?”

Mr Hammond: Of course, we do have the power to say that, but we would be, in effect, saying we are no longer prepared to comply with our obligations of membership.

Q10 Chair: You could assert it as a matter of principle.

Mr Hammond: We have the power to do that, but I do not think it is realistic to assert, as a matter of principle—because that would be the logic of this—that every member state has the power to disapply whichever bits of the EU legal base it chooses.

Q11 Chair: We are, however, never going to be members of the single currency. We are never going to be members of the single currency.

Mr Hammond: We do not need to, because the arrangements within the EU reflect and allow that.

Q12 Chair: You will recall—and you may well have voted for it yourself, when we were in opposition—that the Conservative party put forward a proposal for overriding European law regarding business regulations. It was the business regulatory bill in 2008. Notwithstanding the European Communities Act, we went on a three-line whip and supported that proposition. What has changed?

Mr Hammond: What has changed is that we are now trying to look for a way to negotiate a package of reform that could allow Britain to remain inside the European Union while removing some of the things that we find most disadvantageous to us in addressing some of the real concerns that we have about the way the European Union operates.

However, if I take the specific example that you have talked about—business regulation—we have now a Vice-President of the Commission charged with, among other things, regulatory reform, who is actively talking about adopting the UK model of a one-in, one-out regulatory system with external impact assessment. That, to me, is very significant progress, and I do not see the merit in having a theoretical debate about whether we should achieve that very laudable objective of reducing the burden of EU regulation on business

by constitutional change when, in fact, we have the possibility of doing it through a wake-up call to the European institutions.

There is no doubt in my mind that the financial and economic crises that Europe has been through have caused some scales to fall from some eyes. I do not think there are very many serious people any more in the European Union who think that Europe can somehow insulate itself from the globalising economy. I do not think there are very many serious people any more who think that the European Union is primarily a political project. I think most people now recognise that the demands of our electorates, and their electorates across the European Union, are for reform. That focuses the European Union on completing the single market, creating jobs and powering economic growth, which is what matters to our voters.

Q13 Chair: If we looked at the five or six legal challenges that we have lost in the European Court, would that be regarded as a theoretical exercise? It was not. It was because the Government said they did not like what was in the European regulations affecting the City. If I may say so, I would not say that we are engaging, in our side of the discussion, in calling for constitutional change. We do not need constitutional change because, in fact, we already have an arrangement under which the 1972 Act is a voluntary Act, and that does not require constitutional change at all.

Mr Hammond: Chairman, my view—and this is not specific to the European Union—is that, in any rules-based organisation, a member wishing to assert that he should have unilateral, unrestrained ability to disapply any rule to himself is, effectively, saying he no longer wishes to be a member. Of course, that is one of the options open to the United Kingdom, and that is why we have made the commitment that we have to a referendum in 2017. Let us negotiate the best package of reform that we can get and then let the British people decide, informed by what will undoubtedly be a healthy debate, whether that package is adequate or not and whether, on balance, remaining in the European Union on the new terms is in Britain's national interest or not.

Q14 Mr Clappison: Foreign Secretary, welcome. Can I also welcome what you said about the defects of Britain's membership of the European Union—the things that need to be put right—and your negotiations in order to do so? Can I, however, most of all welcome what you have just said now about the referendum? The only way in which these matters can be satisfactorily addressed is through a referendum. You have, in the course of your remarks, put the argument for reformed membership of the European Union. You have told us that we cannot have a pick-and-choose, à la carte menu of the European Union, and no doubt that is something that supporters of Britain's continued membership will say in a referendum campaign. Do you accept that it is also incumbent on the supporters of Britain's continued membership to admit that, whilst we may try to obtain concessions here and now, put certain matters right and have certain reforms, we cannot freeze the future course of the European Union's development?

That has been the lesson of the history of the last 40 years, particularly since the last referendum, and it may be the case that the European Union will go on to evolve in further

ways. Looking at the history of the European Union, that is, indeed, what it has done over the course of the last 40 years. You will remember, like I do, the referendum of 1975, when we were told that the then Government was putting everything right—that there were things that were wrong with it that they were going to put right. I think there was something about the price of bread, and we were told that Parliament would always have a right of veto. People who received those assurances about reform then would have been astounded to see how the European Union has evolved since then into a union covering far more aspects of their daily lives than they were led to believe at the time. In fairness and openness, that has to be admitted as well, so that people have the opportunity to weigh that in the balance—that they are signing up for something that may go in a direction they do not want in the course of a referendum campaign.

Mr Hammond: The challenge for those negotiating the reforms will be to get as many locks and checks in the system as possible to show that we have a robust defence against the thing going off the rails again. The way I see this is that, if we were having this debate in 2007, before the financial crisis, the European Union was heading in the wrong direction. There were too many people who were too focused on grandiose political projects, and too few people who understood that, all the while, Europe's global competitiveness was slipping away, and that we would be unable to maintain our standard of living in some kind of Fortress Europe. It is unfortunate that it required the crises that we have had in order to change thinking, but I think thinking has changed very significantly across the European Union. There is a renewed focus on the economic base of the union, and what we need to do is ensure, to the maximum extent we can, that we lock in the future trajectory of the European Union on a path that we regard as not just in Britain's interest, because I do not think it is as narrow as that, but as ensuring that the European Union becomes an institution that is fit for the 21st century and that is able to address the challenges of the 21st century, not the challenges of the 20th century, which is where it firmly looked as though it was before it emerged from this crisis.

If I may just say a couple of things, the idea of Europe à la carte simply does not work. I do not think it is only supporters of the European Union; I think there are many people who are not supporters of the European Union who would, nonetheless, recognise that, if one feels that one cannot be a member of the organisation with the rules that it has, it is better to argue honestly for an exit, rather than to propose changes that would simply make the organisation unworkable. This reminds me a little—and I confess to having done it—of sitting endlessly in Bill Committees of this House proposing amendment after amendment.

Chair: We have all had that experience.

Mr Hammond: We have all had that experience in opposition. People who want to come out should say so bluntly—that they want to come out for principled reasons—rather than proposing changes that would make the European Union unworkable. Just to be clear, you mentioned supporters of continued membership. I can only speak for myself but I think I speak for many others: we cannot say whether we are supporters of continued membership until we see what the reform package we are able to negotiate looks like. I very much hope that, when we have completed that task and we have completed the negotiation of a reform package, I will be a supporter of continued membership on the basis of the reform package that we have negotiated, because there are significant economic advantages to being in the

European Union, but it does depend on our partners being willing to engage with us in a substantive and meaningful reform package.

Chair: We will see what that comes to. Also, of course, there are opt-outs and there are many other aspects, as you said already, of an à la carte Europe.

Q15 Mr Clappison: Can I just come in very briefly on that? I really do welcome what you have said about the influence and the realism that you are trying to bring to Europe. I take the point you make about à la carte Europe, but is the problem not precisely this: that the alternative does not work either? I can remember a predecessor of yours—a Conservative Foreign Secretary—saying exactly the same things about safeguards that were being putting in place forever to solve the problem of federalism by way of the pillar structure, which was put in place with the Maastricht Treaty. We were told that that was going to preserve us from euro-federalism in the future, and the problem is that that did not work, because along came further treaty changes, in very short order, which dismantled all of the safeguards that had been put there. I guess there will be supporters of Britain’s continued membership. They can have no credibility when it comes to saying that there will not be federalism in the future and there will not be a further accretion of powers to the European Union.

Mr Hammond: We have placed a referendum lock on treaty change that accrues additional powers to the European Union. In the future, it would not be Parliament that was deciding these things; it would be the people in a referendum. Maybe they will be more robust.

Q16 Geraint Davies: Foreign Secretary, you mentioned your view that the most important thing to everybody here and in the rest of Europe is the economy, and that the crisis has, in fact, refocused people’s attention on the need to move together. Do you not feel, therefore, that, to a certain extent, the demand for a referendum is a distraction and, in terms of our economy, is undermining inward investment because inward investors do not know whether we are in Europe, and indeed the prospects for an EU-US trade deal that we might not be in? Would it not be better for you to say that we can make these reforms, as you have described, to make Europe better, and Britain in it, and forget about the distraction of the referendum?

Mr Hammond: I have heard this argument before. There is no evidence that inward investment is being deterred; in fact, the most recent figures show that Britain is still, by a long margin, the premier location for inward investment in the European Union.

Q17 Geraint Davies: You do not have a counterfactual for that, because it might be even more if there was not a referendum looming.

Mr Hammond: Of course, you can always posit that it would have risen even more, but there is no evidence that there has been a downturn in inward investment behaviour, either statistical nor anecdotal. When you talk to major international investors, they do say that, if Britain was not inside the single market, that would be a negative factor in future investment decisions. I am not, however, seeing any evidence that investment is being

deterred now. I think that the fact that the referendum has been set within a specific time frame—it is a relatively short time frame in terms of investment decision making—will deliver a certainty to Britain's position that I think will be welcomed. Business is very clear what it would prefer the decision to be in that referendum but, above all else, business will want to see certainty about the future, and the referendum will deliver certainty. If we do not have a referendum to settle this issue—and I would suggest to you that this genie is out of the bottle—it is going to hang over Britain as a driver of uncertainty into the future. I do not think that, having let the genie out of the bottle, it can be so easily put back in.

Q18 Geraint Davies: Would you not accept, however, if you were a multinational company that had already asserted that you would withdraw investment if we were out of the market, that if there was a probability that we might be out of the market—50:50 or whatever it is—you would probably hedge your bets as to where to put new production, whether mainland Europe or Britain, and that, therefore, we are sub-optimal in terms of inward investment by virtue of this referendum hanging over us?

Mr Hammond: We could have a long debate about this. I do not think there is any evidence that that is happening. In terms of the length of business investment cycles, we are already in 2015. We are talking about a referendum in 2017, so this is going to become decreasingly important as an issue, because of the length of business investment cycles.

Q19 Geraint Davies: Finally, in terms of the balance of good and bad in Europe, as it were, you made the point that you would not express your view on whether we should be in or out until we had negotiated some sort of settlement. In the event that we did not negotiate anything—in other words, things are as they are, although of course things do change, as you have already described—could you give us an idea of whether, if things did not change at all, you would still be in favour of the EU? Or are you saying that, if things do not change, you want to get out?

Mr Hammond: You are asking a hypothetical question.

Geraint Davies: No.

Mr Hammond: If you had asked me that question before I was Foreign Secretary, I would have said you were asking me a hypothetical question. Now that I have embarked on the exercise that I am doing—and I have visited 18 European Union member states' capitals to talk to not just my opposite numbers but much wider groups of opinion-formers—I am very clear that we will be able to negotiate a substantial package of reform, partly because people do want Britain to remain in the European Union. The message that I have heard very clearly is that people, for their own selfish reasons, want Britain in: there are different reasons in different places, but we are an important element in a very delicate balance of power within the European Union. For different reasons, everybody fears the consequences of Britain leaving the European Union; also, much of the reform that we are talking about is now mainstream in European Union thinking.

We are leaders, and I try not to push this too much because I do not want to offend people. Much of what people are telling me—not me telling them but them telling me—that the

European Union needs to do is our agenda of six or seven years ago that people were firmly turning their backs on at the time. However, the penny has dropped: the penny has dropped about the need for competitiveness; the penny has dropped about the need for accountability in Europe, as European politicians see participation in European elections declining every time we have one. There is also a growing awareness that the changed nature of the European Union, with a eurozone and a non-eurozone, cries out for reform of the way we work in order to protect the interests of all in that structure and allow the euro to be a successful currency, while protecting the single market and the interests of the non-eurozone countries.

Q20 Jacob Rees-Mogg: Can I just ask: does that mean treaty change?

Mr Hammond: Does what mean treaty change?

Jacob Rees-Mogg: The conversations you have had with the other 18 foreign secretaries.

Mr Hammond: We are very specifically not yet at the stage of detailed discussions about what the package should include, and it would not be sensible for us to do that, because of the fact that it is a negotiation and, clearly, some of our partners are already approaching this in the spirit of negotiation. The Prime Minister has, however, made clear that he expects that at least some of the elements that he has set out will require treaty change. I expect that there will be some elements that will require treaty change; there will be other elements that, clearly, can be done without treaty change. Probably quite a lot of it can be done without treaty change. There will also be some areas where, in my view—and I have given the example of the yellow card regime—it will almost certainly be possible to get change operational without any treaty change, but it may require treaty change in the longer term, just to provide proper reassurance around the operational changes that have been made. It will be short-term change, then, through political agreement or through declarations by the Commission, underpinned by a commitment to enshrine that in constitutional arrangements when the opportunity arises.

Q21 Kelvin Hopkins: Our earlier questions have covered the issue of treaty changes in relation to immigration and the EU Charter of Fundamental Rights. Do you believe that other member states are clear about what the UK's red lines are? What does the UK need as an absolute minimum to remain in the EU?

Mr Hammond: This is a negotiation, and it is a negotiation taking place against the clear challenge of a referendum. Those who want us to stay in the European Union have to think carefully about how they approach the negotiation: on the one hand, they will approach it as a negotiation, recognising that we have set out things that we want, and others will have things that they want as well—that is the nature of the negotiation—but, on the other hand, they must be aware that, at the end of the process, it is not about doing a deal with the Prime Minister in some nowadays not smoke-filled room in Brussels. It is about producing something that will pass the test of British public opinion, so that requires a nuanced approach by our negotiating partners.

I do not think it would be sensible for us, at this stage, to set out our red lines. The Prime Minister has already expressed, in speeches and articles, the general thrust of where we want to get to and some specific achievements that we want to see. Some of our negotiating partners have started to position themselves and indicate things that they think they can do and other things that they will be reluctant to do, but that is part of a natural process of negotiation, and I would not expect it to be any different at this stage, when everybody is agreed we have not yet started the negotiation. That will only come after the general election.

Q22 Kelvin Hopkins: I have to say that, if we are not prepared to say what the red lines are, people might think that they are going to be washed away on the tide or that, perhaps, the red lines are not really that red after all, and that there is flexibility on our side but not on the EU's side. I would like to press you on what the UK's red lines are and what you think the member states understand them to be, but perhaps I should move on to a second question.

How does all that differ from the treaty change that you would like to see yourself? Maybe the red lines are the absolute minimum, but you would like to see treaty change, so what sort of changes are they?

Mr Hammond: I have made it clear, and the Prime Minister has made it clear, that we are not going to set out a long list of specific demands at this stage in the process. What we can do is set out an aspiration for the type of European Union that I would like to be a part of and that I think the majority of people in this country would like to be a part of. For example, it will be a European Union that is focused on delivering economic growth, maintaining our standard of living and creating jobs. It will be a European Union that has put behind it a lot of the symbolist nonsense that we have heard in the past around aspirations of political union. It will be a pragmatic European Union that recognises that it is a union of nation states working together for the collective benefit of all of them. That is, you may say, very airy-fairy stuff, and it is deliberately very airy-fairy stuff.

How we reform the processes of the European Union to give effect to an aspiration that we have a European Union in the future that is more focused on those areas and less focused on other areas will be a matter for the negotiation, but I come back, as I would always come back, to the simple fact that, in the end, there will be a debate in Britain, as this negotiation progresses, about the package that we achieve, and then there will be a vote—a referendum—in which the British people will have the final say.

There will be many people in this country who will start with a red line in their own minds about something and, as the debate progresses and they hear some of the arguments about some of the other important parameters, they will shift where they think they are, advancing or retreating with their red line positions in their own minds, much as, I am sure, happened during the debate over Scottish independence during the course of the referendum campaign there. I think that the fact that we have created this mechanism and this test for whatever is agreed puts us in a very strong position when we do come to sit down with our European Union partners over the course of the next 18 months.

Q23 Chris Heaton-Harris: A couple of questions on the timing of a referendum, if, God willing—and the electorate willing—the Prime Minister remains in his role, which I very much hope he will, after the general election. There has been an indication of slight

movement on the timing of a referendum, or the 2017 date seems to be the final date. I wonder if you could clarify thinking on this matter.

Mr Hammond: We have always said that the commitment that we have made and the commitment that was enshrined in two Private Members' Bills that the Conservative party supported in Parliament was a commitment to a referendum by the end of 2017, so that sets a back-stop to the negotiation process. What the Prime Minister has said recently is that his own personal preference would be to try to do it sooner, if that is possible. I would absolutely agree with that: the sooner we can do it, the better.

Q24 Chris Heaton-Harris: Just one point on that: we have a UK Presidency at the back end of 2017. Is it tenable to have a referendum when we hold the Presidency?

Mr Hammond: There has been some stuff about this in some of the newspapers. First of all, I see no reason at the moment, contrary to what I have read, that Foreign Office officials are in a flap about this. I see no reason why we would not be able to hold the Presidency during a period in which there was a referendum, but there are three options: we could hold the Presidency during the second half of 2017 and have the referendum in the second half of 2017; we could bring the referendum forward, if circumstances allowed it; or there are, of course, mechanisms within the European Union that allow countries to swap around their period of Presidency, either bringing it forward six months or pushing it back six months. There is, then, plenty of flexibility around dealing with this issue, I think.

Q25 Chris Heaton-Harris: On 1 November last year, the rules for calculating the qualified majority in the EU and the European Council came into effect. Although there are transitional arrangements in effect to 2017, how has this changed how we operate our British foreign policy inside and outside the eurozone?

Mr Hammond: Just to clarify that, are you talking about how we operate now or how we are looking at the challenge?

Chris Heaton-Harris: How we operate now within this transitional period, and how we are looking at the challenge that is presented to us by countries that use the euro as their currency being in a position where they can now, essentially, outvote those that do not.

Mr Hammond: Let us be clear about what this problem is: in a qualified majority voting system, we are always at risk that we can be outvoted by other members. That is not the issue. I expect there will be good eurozone governance reasons for greater integration within the eurozone, and I expect that good eurozone governance is very much in our interests, since the eurozone is our biggest trading partner and we want the euro to be a successful currency. But if part of the European Union, the eurozone, is to progress to a greater level of integration than the non-eurozone, which I expect will happen, it is absolutely legitimate—and our eurozone partners recognise this—for us to flag up that that raises a concern of a caucusing effect within the eurozone. If there were to be

organised caucusing within the eurozone to the detriment of the non-eurozone members, that would be unfair and unacceptable to us. It is one of our three pillars of reform—economic competitiveness, proper democratic accountability, and fairness between eurozone and non-eurozone members—that we wish to take forward in our discussion with our European Union partners.

Of course, we then go immediately into anorak territory of double majority voting and various other checks and balances and mechanisms. I think it is right that, at this stage of the discussion, we should lay this problem on the table and explain why we think it is a problem—and I have not heard any of our eurozone partners yet saying, “No, it is not a problem.” I think people recognise that there is an issue there that has to be addressed. President Juncker and Donald Tusk have recognised that Britain’s legitimate concerns do need to be addressed by the European Union, and there will need to be a discussion with our partners about how our legitimate concerns, and the legitimate concerns of other non-eurozone states—we have talked about these problems with the Swedes and the Danes on a number of occasions—can be addressed in a way that satisfies the aspirations of the eurozone but protects the aspirations that the British people certainly have that, if they are to remain in the European Union, their interests will be protected.

It has just been drawn to my attention that, as I am sure you know, the joint article that the Chancellor and Dr Schäuble published in the *Financial Times* specifically acknowledged a willingness to address this issue. Of course, while I do not want to express this debate simply in terms of the German view, clearly a German acknowledgment that there is an issue here that has to be addressed, given Germany’s leading role in the eurozone and Germany’s leading position in the debate about eurozone governance, is, in itself, very significant and a very big step forward for us.

Vijay Rangarajan: With the Chairman’s permission, could I just add one point to that? The change that happened on 1 November increased our proportion of voting weight. We were at about 8.2% of the Council; we are now 12.6% of EU population, and it is now a population-based system. In general, our overall proportion of influence has gone up within that. If the particular circumstance Mr Heaton-Harris pointed out of eurozone caucusing happened, it is open to any single EU member state to request a reversion to the system that existed before 1 November up until 2017, so we can fall back on that.

Chair: I appreciate that but, in fact, if Germany and France, with two small states, decided to take action, they would have a blocking minority. That is true, is it not? Good.

Q26 Chris Heaton-Harris: Exactly on that point, there has been some academic analysis of this by the LSE, which says that our ability to block Commission proposals under the new system has been reduced by about 30%. Given the stat that you have just given this Committee, have you seen this LSE research? Is it completely barking up the wrong tree?

Vijay Rangarajan: Because our overall proportion has risen but the blocking minority has risen slightly more, our overall chance of blocking has changed. I am not sure it is quite by as much as that; it depends on the baseline they are comparing with. Our overall chance of getting through what we want has risen significantly as well, so it is both ways round. As an overall number of votes and the way they are counted as part of either a blocking

minority or a qualified minority in Council, our influence has risen by about one and a half times what it was in the pre-existing system.

Q27 Geraint Davies: Will our influence grow with immigration?

Vijay Rangarajan: It will, yes.

Mr Hammond: Or with a differential birth rate. The UK has a higher population replenishment rate than any of our European partners.

Q28 Geraint Davies: I was going to ask about foreign policy in terms of our threats, whether it is in the Ukraine or from ISIS in Iraq, and the relationship between that and the referendum and our Presidency. In other words, would you not agree that it is important that the EU has a level of solidarity in taking on external threats, and that that solidarity is, in fact, compromised by the prospect of a referendum, in particular for the UK at the moment in time when we hold the UK Presidency?

Mr Hammond: No, I do not agree with that at all. Solidarity is critically important, especially, for example, on the issue of sanctions against Russia—I was fascinated in the *Financial Times* this morning to read my precise words used in a closed session of the Foreign Affairs Council yesterday in Brussels on this subject. Britain's position on this, however, both as a member of the EU and a member of NATO, has always been very robust: that we are seeking to work with partners, because we know we are stronger when we have a similar position. Were doubts to be cast over our European Union membership, that would not cast any doubt over our position in relation to any of those questions; for example, response to Russia's illegal actions in Ukraine. Norway, for example—not a member of the European Union—aligns its position with the position of the European Union in order to add weight as a NATO member to the way in which we present to Russia, and I am quite sure Britain would continue to do that in any circumstance.

Q29 Geraint Davies: Just to be very simple about this, if Britain was to stand up and say as the Presidency, "We think you are wrong, Vladimir Putin, in what you are doing in Ukraine," on behalf of the EU, he might turn round and say, "Hold on, you are in the middle of a referendum and you are halfway out the door. Why should we listen to you as being the representative of Europe?"

Mr Hammond: Of course, we have a High Representative for External Affairs, so the Presidency does not, in fact, chair the Foreign Affairs Council and does not speak, effectively, on foreign affairs matters; it is the High Representative who speaks.

Q30 Geraint Davies: Can I ask you a separate question about whether you think there should be regular oral question sessions on the Floor of the House on EU matters? We have foreign affairs and international development. We do a lot of work here, but, given the critical reforms in Europe, should we not have a separate set of questions on the floor of the House on Europe? Everyone is talking about it.

Mr Hammond: We have to recognise that, if we are members of the European Union and we are going to remain members of the European Union, we have to mainstream European Union business into departmental business and, thus, into departmental questions. It is right, in principle, that we mainstream the European Union issues because, in some Departments—DEFRA, for example—they are so central to what the Department does that it would be very difficult to see how you could do it any other way. There would also be some really quite significant practical problems, I think, in having European Union questions. I remember the experiment that the previous Government did with thematic questions, with multiple ministers supposedly attending to answer different sets of thematic questions. That is an initiative that was dropped, and I do not think anybody laments it, frankly, because it did not work very effectively.

The point about questions is that it is about holding Ministers and the Government to account. The challenge always is: would it improve holding to account or would it make it easier for Government to wriggle out of being accountable to Parliament? I suspect it would make it easier for Government to wriggle.

Q31 Geraint Davies: The Prime Minister has been mentioning the importance of challenging the free movement of EU citizens, and this Committee has been calling for a debate on this very important matter. Some people think it is very important to have free movement, not least to have a free market. The Minister for Europe, however, told this Committee that it was for the Home Office to decide this, and he seemed to be in favour of it, and the Home Secretary, a couple of days ago, said she was very happy to debate free movement. I wonder whether you know why we have not had a debate and whether what it is really about is hiding big divisions within the coalition, between the Prime Minister and the Deputy Prime Minister, on this very tricky issue of free movement across Europe.

Mr Hammond: No, and I did read the transcript of the Minister for Europe's fascinating session with the Committee. I can only repeat what he set out: there is a cross-Government process for the scheduling of debates. There is a lead Department and, in this case, it is the Home Office that is the lead Department. I know, however, that the Minister for Europe, with his extraordinarily sensitive antennae, picked up, during his session, that this was an issue that the Committee is exercised about, and I know that he has gone away to see what he can do about it. I believe you have called the Leader of the House and, of course, the Leader of the House will, hopefully, be able to say more about this.

Q32 Jacob Rees-Mogg: Secretary of State, can you tell us, as the Minister for Europe could not, what the blockage is?

Mr Hammond: No. I am afraid the Minister for Europe was absolutely correct in saying that the inner workings of Government processes have to be maintained as inner workings. There are various processes that Governments go through to clear all sorts of things, particularly within a coalition Government, and I do not think we can give a blow-by-blow account of any discussions that have taken place. I personally am not aware of the discussions that have taken place, because I do not sit on the relevant committees, but there is a process within Government for scheduling all debates.

Q33 Jacob Rees-Mogg: It is not asking for the details of the discussion; it is asking to understand what the process for agreeing these matters is and, therefore, at what stage and by whom it can be blocked. In this world of transparency that people are supposed to believe in so much, I would have thought that, constitutionally, the British people had a right to know how they are governed, and to say that we cannot know, because it is so secret, the way in which the Government decides how debates could come about structurally seems to me to be unconstitutional.

Mr Hammond: I do not think it is. The principle that Government works on is collective responsibility. In many areas, we maintain the position—and Parliament has long accepted this position—that there is a Government decision or a Government view. Parliament will be very well aware that that view, the day before it became the Government view, was not necessarily the view of every member of the Cabinet. Once it has become the Government view, however, it will be the view of every member of the Cabinet. That is what collective responsibility means.

Q34 Chair: Of course, some people could argue that it is worse than smoke-filled rooms, because it sounds as if they have almost choked to death before they have arrived at a decision.

Mr Hammond: I recognise, from reading the transcript—and I am not criticising the Committee for this, because I can see that there has been some significant delay in some of these debates—that there is a conspiracy theory developing, and of course conspiracy theories do develop in the absence of any other explanation. I know the Minister for Europe has gone away to see what he can do to satisfy the Committee's concerns on this, and I know that he said, during his appearance—and he will thank me, I am sure, for reminding the Committee of this—that he would be willing to come back once he has established where we are and explain further.

Q35 Chair: Secretary of State, I think you are missing the point. This is not about the decision; it is about how the decision is made—the process. We know that there is, in this House, a First Reading and a Second Reading and so on. Surely we are entitled to know that the process for determining a debate is that the Home Office proposes that it goes to a Committee; then there is the question of whether Downing Street may or may not intervene; then the decision is announced. Surely we are also entitled to know to which stage the decision has got. We are not entitled to know—and I absolutely accept this—who has said what, when and where, but the process ought to be public, and not admitting this to Parliament and waiting a year without giving any answer is pretty scandalous.

Mr Hammond: My understanding of the process—and I am not directly involved in this—is that we have a legislation committee, which is in overall control of programming legislation and the use of Government time. The Leader of the House has an important role. There is, at any given time, a pool of issues for debate. Some of them will be Government business needing time; some of them will be non-Government business that, nonetheless, has been recommended for debate. The Government has, of course, less time to accommodate those debates than it had in the previous Parliament, because of the time that has been handed over to the control of the Backbench Business Committee, but there

is a process of looking at the pool and extracting debates and bids for time from that pool, through consultation between the Leader of the House, the legislation committee, No. 10, the Deputy Prime Minister's Office and the lead Department.

I cannot tell you precisely how it works, but it is a process of constantly reviewing that pool to allocate priority. It is not simply a question of everything sitting in a queue like taxis and, therefore, after a period of time, it must come around. There are things that are required to be debated that have greater priority, for one reason or another, and that is something that the people making the decisions and recommendations will have to be very conscious of in balancing the different demands for limited parliamentary time.

Q36 Geraint Davies: You seem to be suggesting that, contrary to what Jacob Rees-Mogg said, it would be a linear model moving through the Home Office and through business and then via Downing Street. What you are suggesting instead is that there is a coalition agreement that, if there is something that is particularly disagreeable but fundamentally important for debate, like the free movement of EU citizens—it could be any example, of course—democratic debate may be stifled because of differences of view within the coalition that cannot be resolved, and it is better to have it hidden away than out in the open. That is an affront to democracy, is it not?

Mr Hammond: No, not at all. First of all, there is a very substantial amount of parliamentary time available for the programming of debates that is completely beyond the control of Government, so it is possible, where an issue is of significant concern to significant numbers of Members of Parliament, for a debate to be held, whether the Government want it to be held or not and whether the Government regard it as a priority or not.

Geraint Davies: That is Back-Bench business.

Mr Hammond: Within Government time, there is a process for prioritising the small amount of time that is available. As I say, I have explained my understanding of the process, and I do not claim to be an expert, but my understanding is that, at any given time, there is a stock of bids for debates, and from within that stock items will be selected for programming. There is not a queue where everything is sitting in a chronological line. That is my understanding. The Leader of the House, I am sure, will be able to give you a much more insightful understanding of how the process works from the inside.

Q37 Jacob Rees-Mogg: It is hard to believe, Secretary of State, that anybody is more insightful than the Secretary of State for Foreign and Commonwealth Affairs.

Mr Hammond: You are too kind.

Jacob Rees-Mogg: No, it is the most senior office in the country, with some of the finest brainpower supporting you.

Mr Hammond: Perhaps, if I may, I would suggest that the only thing that could trump it would be a Leader of the House who has detailed knowledge of the processes involved and is also a former Secretary of State for Foreign and Commonwealth Affairs.

Q38 Jacob Rees-Mogg: You are very modest, but we must dismiss this thing about the lack of time. We finished five hours early yesterday. We keep on finishing early. There is bags of time for Government to schedule its business, and I, for one, would be happy to spend an extra hour and a half here debating these important issues, and I think many other people would. The Standing Orders of the House give the European Scrutiny Committee the right to demand, in Government time, a debate. They give the Government the right, then, to send that to a Committee, and they also give the Government the right, if it does not want the debate at all on a motion before the House, to dismiss the debate altogether. All of that is perfectly proper. We might, as a Committee, be annoyed if the Government followed that process, but it would not be contemptuous of Parliament. What is so outrageous here is that, in the year, the Government has not found time, has not moved it to a Committee and has not moved to a dismissal of the debate, and that is just wrong.

Mr Hammond: As I said earlier, I very much got the message that the Committee is displeased from the transcript of your session with Mr Lidington. Of course, you will know that a significantly larger number of debates recommended by this Committee have been debated on the floor of the House than was the case under the previous Government, so the Government feels that it has bent over backwards to accommodate the Committee's demands over the course of the Parliament.

I must just come back to the point you made about the availability of time, however. If debates are ending early—and some of the debates requested by this Committee have ended early—essentially we have to ask the Opposition why debates are ending early. When I was an Opposition spokesman, I regarded it as an article of faith that we used up all the time allotted to us by the Government, so it is for the Opposition to say why they are not using the time available for debating when Government schedules debates. Of course, if a debate ends early, that is unpredictable and it does not allow that time to be scheduled in advance for another purpose.

I hear, Mr Rees-Mogg, your willingness to extend the sitting hours of Parliament. Perhaps, in the next Parliament, we, collectively as parliamentarians, might want to consider the sitting hours and how they work. I certainly have been a conservative on sitting hours since we progressively changed them. I have always taken the view, as a Member of Parliament, that the arrangements we had before were perfectly adequate, and I have not necessarily been in agreement with shortening the hours.

Q39 Kelvin Hopkins: On that last point, I have to say I am conservative as well, although I happen to be a Labour party member.

Mr Hammond: As on so many issues, Mr Hopkins.

Q40 Kelvin Hopkins: Earlier on we were talking about red lines, and I have to say I was not very clear at all where the red lines were and whether we, let alone other countries, knew where the red lines were. You were fairly sanguine about the flexibility of negotiations with the European Union, but on the particular issue raised by my colleague Mr Rees-Mogg about free movement, I have a feeling that there would not be so much friendly flexibility about free movement, yet that is, I suspect, one of the issues that is uppermost in the electorate's minds. On other issues like Schengen and the euro, we are definitely out. If we

raised the question of free movement, would we similarly just have an opt-out or would it be a really difficult issue?

Mr Hammond: Free movement is, for many of our European Union partners, a very key element of the European Union structure. For those that were formerly in the Soviet bloc, it is symbolic of the liberty that escaping from communism and joining the West represents; for others—the Germans, who have a shrinking population before migration—it is an economic necessity. What I have been seeking to do is explain to our European Union partners—and I have detected some sympathy for this—Britain’s rather different situation in that we are the most densely populated country in Europe. Certainly, the south of England is a very densely populated part of the European Union.

We also have a population that is rising anyway, before migration, because of our population demographics. We are in a very different position from many other member states and, in fact, quite a number of people have said to me that they did not realise that and that they had not thought about those two particular issues in trying to understand where we, the Brits, are coming from on this issue. If you are a German or perhaps a Swede, it has become an article of faith that you need inward migration to sustain your economy; we are in a different position from some of our European neighbours.

I think where we are, however, is that the principle of freedom of movement to work is important to many of our European Union partners, but where they are prepared to be flexible, and quite significantly flexible, I detect, is around dealing with how that freedom has been stretched—some would say abused—and trying to get back to something that accords more closely to what we all understood by the right to freedom of movement to work as it was 20 years ago. We need to work with our European partners around the art of the possible. We need to look at our own domestic arrangements, because I have to tell you that one of the most common themes that I hear in discussing abuse of free movement with European partners is a request to look at the way they do things and see if we could not tighten up our own system a bit. We are wide open to abuse. We have tightened up some things already and we have introduced some measures already; there are going to be more measures that we can introduce that will make it more difficult for people coming from the European Union to abuse our system.

There will, however, be some areas where we need agreement at 28 to change the way European Union rules work, if we are going to have a sufficient impact on migration numbers to satisfy British public opinion. That is what we want to do. We are politicians in a democracy, and we are getting a very clear message from the public that this is an issue of significant concern to them. I do not think the public cares about the mechanics of how we do it; they just care that we are able to deliver a reduction in the overall flows. Whether we do that by agreement to change rules in the European Union or whether we do it by bureaucratic changes in the UK that make our system less attractive to people who would seek to abuse it, so long as it delivers the result, in my judgment public opinion will be pleased with that, and that is what they want to see.

Q41 Geraint Davies: Last Thursday, Parliament agreed unanimously that there should be parliamentary scrutiny of TTIP—the Transatlantic Trade and Investment Partnership—and the associated investor-state dispute settlement. Is this something that you

would agree with—that there should be some level of parliamentary scrutiny of these important trade agreements, both here and in Europe?

Mr Hammond: Yes, I think, just looking at my briefing, that there is an issue around EU restricted documents. We want to be as open as possible about this debate, but we do have to recognise that we are in a negotiation with the United States, and I think we should be as open as we possibly can without crippling our negotiating position. The reason this is particularly important is because of the quite damaging myths that there are around about TTIP: that it would lead to the privatisation of the National Health Service or it would lead to us having to abandon public health protection standards in the food industry and so on. All of these things are completely untrue, and we are able to explain how TTIP will protect our equities in all of these areas. Getting that message across—because it is a communication challenge—means being as open as we possibly can, and being open with Parliament is certainly the start of that.

I should just say that the Business Secretary wrote to all MPs on 22 September to say that the UK Parliament will have a full opportunity to scrutinise the deal before it is finalised, but I think you are asking me a question about access to information even earlier on in the process than that, and we should be as transparent as we can, so long as we do not compromise our negotiating position with the United States in so doing.

Q42 Geraint Davies: The idea was just to have scrutiny so that there are not all these myths going around and so we know what is happening.

Mr Hammond: Absolutely—we need to be able to explain to Parliament and, through Parliament, to the British people, how TTIP will absolutely protect our ability to continue to run the National Health Service exactly as we do now; how it will allow the Government to legislate, where it needs to legislate, for the protection of the population; how it will not, as is sometimes asserted, undermine food standards in the UK. We also need to get across the huge positives of TTIP: that it gives us the opportunity to establish our very high standards of, for example, food protection, environmental protection, and standards in industrial production around pharmaceuticals, cars and aircraft and so on, as the global standards for international trade and to enshrine them for the future.

Q43 Geraint Davies: Should we, then, be able to make suggestions for amendments in the European Parliament to change TTIP if it is slightly wrong, or to remove ISDS? Do you think we should have the power to make suggestions in the open light of day, so that we get the best deal? We appreciate that there are all sorts of benefits.

Mr Hammond: I would certainly be prepared to act as a conduit for practical suggestions coming from parliamentarians back to our trade negotiating team. There would clearly be a problem with formalising a process by which 28 parliaments were seeking to propose specific amendments to different bits of the draft treaties; that would become very unwieldy. The more Parliament can be engaged in this debate, from my point of view, the better, and I can certainly commit, for the Government, that, where there is a clear parliamentary view on something, we will feed that view into the negotiating process.

Q44 Chair: Foreign Secretary, thank you very much for coming. There is just one question that we will come back to you on in writing, about the balance of competences review. We would be grateful if you would, and I am sure you would agree to, reply to us in writing about that.

Let me end by saying that there are those of us who believe in the supremacy of this Parliament as against all and everything else, and if the British electorate decide that they want to make a change in the European Union, then, as you have indicated on the issue of the referendum, they have the complete right to do so. But there are questions that we have raised with you relating to the repeal and veto issues to which we shall have to give further thought, because you are saying that you will not accept those, and we were quite clear, in our report, as to why, in principle and in practice, they are essential. We will, however, leave that for the moment. Thank you very much for coming.

Mr Hammond: Thank you very much.