



# HOUSE OF LORDS

Revised transcript of evidence taken before  
**The Select Committee on the European Union**

Inquiry on

## **VISIONS OF EU REFORM**

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TUESDAY 19 JANUARY 2016

3.15 pm

Witnesses: Jean Bizet and Fabienne Keller

Members present

Lord Boswell of Aynho (Chairman)  
Baroness Armstrong of Hill Top  
Lord Blair of Boughton  
Lord Borwick  
Lord Davies of Stamford  
Baroness Falkner of Margravine  
Lord Green of Hurstpierpoint  
Lord Jay of Ewelme  
Baroness Kennedy of The Shaws  
Lord Liddle  
Baroness Prashar  
Baroness Scott of Needham Market  
Baroness Suttie  
Lord Trees  
Lord Tugendhat  
Baroness Wilcox

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**Examination of Witnesses**

**Jean Bizet**, Chairman of the French Sénat European Affairs Committee, and **Fabienne Keller**, Vice-Chair of the French Sénat European Affairs Committee and Rapporteur on the UK-EU Relationship

**Q151 The Chairman:** Good afternoon, my Lords, ladies and gentlemen. I begin by extending a very warm welcome to our French visitors, Senator Bizet, chairman of the European Affairs Committee, and Senator Keller, the vice-chairman. Both are known to me through work on the international side of European affairs on behalf of this Committee. I know that they have both taken a close interest in our affairs. They are working on our current negotiations and will produce a report on them shortly. It is both an honour and a privilege to welcome them.

I have one small insight. I think I am right in saying that Monsieur Bizet is a veterinarian. Is that correct?

**Jean Bizet:** Yes.

**The Chairman:** In Lord Trees, we have a distinguished British veterinarian, so they can get together and discuss some aspect of prolapse or something afterwards.

If I may continue the thought, many of us have had the privilege of being guests of France in Madame Keller's city of Strasbourg, through the Council of Europe and other work. I am delighted to see you. I know that you have attended our Committee meetings in the past.

As I said to you, this is not a court of law. We are holding a public evidence session. We will prepare a record of it and send you a copy for any corrections. We will be very grateful to hear what you can say on the record. There is a small public gallery. The only restraint, beyond our normal ones, that I will ask is that people should be careful to be relatively measured in their speed of speaking, because of the translation. Secondly, they should try to be silent when they are not addressing the Committee, because of the difficulty of conflicting noise.

You are very welcome, Senators. I hope this can be an exchange of views, as well as an expression of formal evidence. Please feel that you can contribute by asking us questions as well. I will begin by asking you to say something on the record for us about the work of your committee in relation to the United Kingdom-European relationship and the British Government's proposals for reform of the EU. Could you indicate the most significant findings of your report on that subject? We are already aware that discussing Britain's relationship to reform in the European Union is not necessarily the same as discussing the European's Union's attitude to reform in the European Union. Are they the same, or are they distinct? Is it helpful if they are coincident in view and not opposed? That is really asking for a report. Secondly, given that the pace of the negotiations is becoming quicker, could you explain how your Committee will seek to respond to the British negotiating agenda in the coming weeks and months?

**Jean Bizet:** [*Interpretation*] Chairman and members of the Committee, we are delighted to be here and to greet you. In a moment, I will give the floor to my colleague, Fabienne Keller. She is really in charge of this question, having already written a report on the issue, with another report being prepared. We are very interested to see how the referendum will be prepared and take place and, obviously, depending on the result, what the United Kingdom will do—how it will position itself in an environment that will doubtless be a different one from today.

The referendum worries the political class in France, particularly those interested in the future of the European Union. We are interested in knowing how you got here—why you decided to have a referendum—and how we can help and support you, depending on the outcome of the referendum. The report will come out on 28 January and will be there to inform all our senators on the future development of the EU, again depending on the outcome of the future referendum.

**The Chairman:** You asked a simple question: how did we get into this referendum? That, of course, is a domestic political issue in Britain. There would be different views across the

Committee, according to whether members belong to one party or another. I have no party affiliation at present. Perhaps the best person to ask is the Prime Minister, because he wanted one. All I will add is that I am sure that he wished to deal with some problems in his own party. In fairness—that is my duty—I should also say that there is some opinion in Britain that it is necessary to validate or confirm British membership, because it is a long time since some of us voted in a referendum. Some of my younger colleagues here may not have had the opportunity of doing so.

For your information, as someone who is rather interested in military history, I remember voting in our last referendum. It was in 1975, so I call those who voted “les soixante-quinzainaires”. I hope that is appropriate. Just for a little audience action, while we are here, may I ask—I have not asked this before—how many of my colleagues participated in the referendum in 1975? It is approximately 50%. I am sorry to have interrupted you. Senator Keller?

**Fabienne Keller:** Thank you very much, Lord Chairman. It is a great honour for my Chairman, Jean Bizet, and I to be in front of you to discuss the future of Europe with you. When we talk about the United Kingdom, we are talking about a very important country within Europe. I was not authorised to vote in 1975—I am not a British citizen—but I followed that referendum closely, because the United Kingdom being in or out was a big question in the huge project of building and growing Europe. You had just come in, and two years later you decided to discuss whether or not to confirm that. As a teenager, I was very interested in that.

I am from Strasbourg, which is part of the explanation, because Europe is in our everyday life. We live not only with Germans but with the European Parliament and a lot of different European influences. It is great to share discussions with Italian, Swedish, Greek and Spanish people.

About 15 months ago, following the review of competences that was in its concluding phase in Great Britain, Jean decided to ask me to do a report on that process, which was very interesting, because it was very open. It took two years, so people could bring forward information. There were a lot of exchanges, albeit among informed people. There seemed to be fairly wide consensus. I did not read everything, but I read what was said about defence and markets and found it really inspiring. It was very balanced—what was positive and what could be improved—and it was written in a style that was very easy to read. After that you had the Bloomberg speech, which described another perspective. Here we are, after the internal British elections and you are in the process of negotiating with Europe before a

referendum. I am doing follow-up work on the situation because, of course, it is very important for us. As in 1975, it is central for Europe.

The Chairman asked whether Great Britain could participate in global improvement in Europe. I hope so, but I am not sure that the process that is going on makes that possible. The purpose of the February Council is to discuss the conditions that are acceptable to the 27 and whether they are enough to enable a positive outcome in the referendum for Great Britain, rather than to have a global discussion in Europe about how we can build a future. It is not possible to discuss that under such strong calendar pressure initiated by only one country, even though your questions concerning markets and the philosophy—the political objective of ever closer union or something more like an integrated and rational market—are probably shared by other countries, such as the Netherlands and the Nordic countries, and by some parties in other countries of Europe. It is too bad. I believe in Europe, but we have to define a new objective, after the one concerning peace following the Second World War, which we in Strasbourg experienced very intimately. We have to define a new project, probably around the theme of the future of our youth and employment, probably concerning poverty and maybe concerning demography. There are huge demographic changes in Europe that we have not faced up to until now, except through the German answer, which is migration.

In the initial report, I wrote that we believe that the European Union has been rather stimulating for the UK and that your country has benefited from the open market and other aspects of European policy. After the Bloomberg speech, we understood how determined your Government were to change things in Brussels. That has already had some success, because apparently the dinner at the December Council concentrated solely on the issue of Great Britain. As we know, all important decisions are taken at informal times, not during official meetings.

**Q152 The Chairman:** Is it your understanding that the presentation our Prime Minister gave at the dinner was rather helpful to the debate? Last week we heard evidence in Brussels. We took from that evidence that there was a sense that for the first time people were hearing a political case they could respond and react to.

**Fabienne Keller:** Yes. They are all high-level politicians. It was very important that Mr Cameron could make those points about how important it is for internal reasons and what the main forces in play are. Everybody follows British policy, more or less, but one has to take the time to make the analysis. The point is important not only for the UK. If the UK decides to go, it will be an historic point for the whole of Europe. They had to be conscious of that and to understand what the important points are in order to have a discussion in February that can

bring us to a consensus that is efficient internally, because on different subjects you expect different outcomes. I am not being very clear.

*The speaker continued in French.*

[*Interpretation*] It was important for people to find out over dinner what the important points were where concessions had to be made.

**The Chairman:** That is really helpful. We look forward to your report with great interest when it is published. Can I ask one follow-up question before my colleagues come in? You said that it would be an important point for the rest of Europe. Could you give a little more flesh to that understanding? Could you fill it out a little? Why would it be critical? Let me make the argument. There is a provision for a member state to give notification to leave. There is a discussion. Why does that affect the other existing member states? Why do you think it is an important point for the Union as a whole?

**Fabienne Keller:** Because of the European dream. It is not very rational reasoning. Europe was built with six, at the beginning, and then nine. Then Great Britain came, then the southern countries et cetera. It was an ever-growing area of people improving their lives and stabilising freedom. Greece was a dictatorship before it entered. The same applies to Spain and Portugal. We do not think about it, but Mr Barroso would tell you about his youth. He was a communist, because he was fighting against dictatorship. It is very recent. Europe is this marvellous system that helped them to stabilise politically and to develop economically, so that after the political outcome wealth would bring a better life and improvement. That continued with the eastern and Baltic countries. If you drop out, it is the end of that dream—the end of that capacity to absorb, even though we have a lot of difficulties, to bring progress and hope for the future, and to maintain internal rules on freedom, respect for people, the importance of education and culture and the profound values of the European Convention on Human Rights. If the oldest democracy in Europe—that is what you are—drops out, what is the sign to the rest of the world? It is a loss of power.

**Jean Bizet:** [*Interpretation*] I would like to add a few words to what my colleague Fabienne Keller said. After the Council of the 18th and 19th and the different informal lunches, on one of the trickiest subjects for a number of member states—benefits for new migrants coming to this country—it seems that the German position, which was probably the most rigid, changed somewhat. I, for one, was never particularly shocked or surprised by that proposal from Britain, but it seems to me that things are going well in that respect. I feel that the question of benefits is well legitimate.

You asked a question about Brexit. I believe that a Brexit would be a setback for the whole EU, because in this globalised world of the 21st century we still have a lot of work to do together. We can do things better together than we can apart. I am thinking of things such as international trade relations, rebalancing the world vis-à-vis Asia and China, and European energy policy. If we want to give Europe a new industrial impetus, we have to have cheap and reliable energy, with secure supplies. In that regard, we are very happy about the positive message that is being sent by Britain on nuclear energy and we hope that others will join that consensus. The digital economy is also very important. Those three aspects are at the heart of the development of the global economy. That is something that we can do better together than if we are divided.

**The Chairman:** Thank you. At this point, I will do two things. First, I will throw questioning open to my colleagues. I will ask Lord Davies to come in first, followed by Baroness Scott. If the Committee will excuse me, I have an urgent message to deal with. I ask Lord Liddle to take the Chair for five minutes until I return.

*[Lord Liddle took the Chair]*

**Q153 Lord Davies of Stamford:** Senator Bizet and Senator Keller both described the eventuality of Britain leaving the European Union as a setback for the Union. I think that you are right about that. I always recall a long conversation that I had with Raymond Barre about 20 years ago, when he said that he thought that it was a great mistake for the United Kingdom ever to have applied to join the European Union and a great mistake for the European Union ever to have accepted the application—and he was not a Gaullist. I disagreed with him at the time and I disagree with him now, but I wonder whether you could let me know how widespread you think that view is in France. How many people in France would react to Great Britain leaving by saying, “Thank God they have gone. They should never have come in. They can never make up their mind to make a serious commitment to the European idea. They have been coming and going and humming and ha-ing indecisively for the last 40 years. They are nothing but a nuisance. They are always asking for some special status or derogation. Now we can concentrate on making real progress with people who are seriously committed to the project”? That must be a coherent and intellectually possible reaction to our leaving. I know from my own experience in the past that it has been the view of some prominent Frenchmen and Frenchwomen. I wonder how widespread that view is today in French political life or French society.

**Fabienne Keller:** Very few French people would be happy if Great Britain came out. For most French people, you are friends. People can now go to London easily. In Strasbourg, for

example, we were so happy to have a Ryanair service. When it was stopped, it was bad—people cried. Now that it is back, people are very happy. It is very popular. The only problem with Great Britain is that it is expensive for us, because your currency is too strong. We live together. We use your language all the time; young people are doing so more and more. You have wonderful musicians. For most French people, it is very pleasant. It is possible that some technocratic groups do not much like British people being in the discussions, because you are very strong and organised. I am impressed when I see British lobbyists, who are very well organised intellectually and in their methods. They are better than our Latin spirits, which are not so well organised, not so rational and, sometimes, not so professional. I do not think that the spirit of Mr Barre or Mr de Gaulle is still there. England used to be far away, but you are now so close, with the Channel and the open world in which you are living. You are our neighbours now. For our kids, it is very close, familiar and normal, so it would be a shock for a large share of the population. They would ask, “Why don’t they want to live with us and build a future with us?”

**Jean Bizet:** [*Interpretation*] I agree completely with my colleague. The feeling that you described, Lord Davies, was more widespread some years ago than it is today. I would say this to you: please do not change too much. That is not a joke. The fact that your position is original and slightly different on a few points—this singularity—is part of your British charm. I said that the political class was concerned about the referendum. We are concerned about the possibility of a negative outcome, which would be a collective failure, but we also see it as an electric shock that may be necessary, since the EU is not working properly. We do not believe that the problems will be solved by your leaving the EU. We do not think that we will progress towards the future better without you and we do not believe that you will be better equipped to deal with the challenges of a globalised world without the EU.

[*Lord Boswell resumed the Chair*]

**The Chairman:** Thank you. I am very grateful to the Committee for its indulgence. Can we go to Baroness Scott?

**Q154 Baroness Scott of Needham Market:** I want to explore the electric shock a little further. In the next few weeks, clearly the focus will be on developing a set of proposals that enable David Cameron to say, “That’s fine. We’ll have a referendum, and I recommend that we stay in”. I wonder whether you see that as the end or as the beginning of a process in which there can be a debate not just about the UK but about the EU more generally—about its direction, about flexibilities and about diversity.



**Jean Bizet:** *[Interpretation]* We live in a world where economic time is quicker than political time. It is better for Europe to change continuously in the way in which it functions. That is the best way for the EU to respond to the concerns of its citizens and—because I am particularly interested in the economic aspects—of economic stakeholders, businesses and so on. As I said, the economic pace is faster than the political pace, in my opinion. If tomorrow Mr Cameron comes back from Brussels feeling that he has been listened to, that is one thing, but Europe will still need to keep changing, while keeping our values and basic architecture. The EU cannot afford to remain static, because the rest of the world is not remaining static and it will not wait for us.

**Fabienne Keller:** You have opened a discussion about improving the functioning of the markets. As Jean said, that is important, because we are late. The pressure that you put on the digital market or the energy market is very important, because energy and digital are strategic. That might be followed up by further discussions, because it coincides with the interests of other member states globally. However, the difficulties that most European countries encounter today relate to two subjects where you are not part of European policy—migration and the eurozone—so probably the focus will no longer be on your more political aspects, such as ever closer union and coherence between the eurozone and countries outside it, which are very philosophical: how can we build Europe further, and how can we define common objectives that are largely shared? I have a dream that somehow we can have that type of discussion, because if we do not think about a new project, Europe will have severe difficulties one day. Schuman, Jean Monnet, De Gasperi and Bevin are gone now, so we have to refine this new spirit.

**The Chairman:** This discussion is developing very positively. I would like to move to some of the specific British reform proposals, although they include some aspects of the general situation to which we have been referring. For the convenience of my colleagues, I would like to structure this by talking first about national parliament co-operation and then a little more about ever closer union between the peoples. Those are both practical and, to some extent, philosophical questions. Then we might talk about the two areas that Senator Keller has just mentioned as current important issues: the management of the eurozone vis-à-vis non-euro members and competitiveness and the single market. Towards the end, perhaps, we can talk about migration, which both of you mentioned as a serious current political issue. We see it on our televisions every night. We will start with Lord Borwick.

**Lord Borwick:** Thank you for the written document that you produced for us earlier.

**The Chairman:** Technically, that is not on the record, but it is very useful background.

**Q155 Lord Borwick:** Indeed so. The question is posed about there being two schools, one in favour of a Union of national independent states and the other in favour of a supranational Union. You say, “We French have not had the debate, because it would destabilise our parties”. It is clear that a fear of destabilising parties is something that we have greatly in common around Europe. You say that the question is in breach of the trend of European treaties over the last 40 years and the way Europe has been developed. Would it not be more important for us to answer together the question of whether there should be a Union of national independent states or a supranational Union? If it is to be a supranational Union, we really ought to organise what is the role, if any, of the parliaments of individual states. Surely producing the red card will increase the power and authority of individual parliaments around Europe, at the cost of the European Commission. Should we not sort out that problem first?

**Fabienne Keller:** Is it solvable? We are this marvellous construction of independent countries, bringing things together but with a very special organisation. Our Executives are the ones who decide the law at European level. There is now more and more sharing of power with the European Parliament, but it is still a strange construction. Where is the balance between respect for national structures and democratic organisations, like the Parliament, and giving some power at European level, so that we can harmonise?

We are clearly in favour of national parliaments having more power, because we are national parliamentarians and—more seriously—because we see that in common discussions European decisions are not explained. They are not subjects of discussion in the newspapers, so when they arrive at national level everybody discovers things that have already been decided. I am very involved in environmental subjects, where 80% of the laws are made in Brussels. When we decide in our parliaments, most of it is already done. Involving national parliaments in a better way, so that they can discuss laws more before they are adopted at European level, is an interesting way forward. I love to participate in inter-parliamentary sessions on different subjects. I participate on environment and finance. The problem is that the European Parliament does not want those structures to have any power, even to agree resolutions, because that takes away part of its own power. However, the sessions are a good way to progress, so that we can meet colleagues who specialise in the same areas and understand one another better.

This is a little strong, but is the question of whether we are going towards a more federalist or a more national structure not a theoretical discussion? Should we not organise things practically, so that democracy is livelier and our citizens feel that they have taken part in discussion of decisions taken at European level? It is also our fault, as members of national

parliaments, for not sharing those subjects with our citizens, even though the process at European level is impossible for normal people to understand, with the directives and all the decision-making.

**Jean Bizet:** [*Interpretation*] I have one more point. The Lisbon treaty gave more powers to national parliaments. There is one last thing that is improving and is being tested. As my colleague knows, at the latest COSAC meetings the principle of the green card has been started, whereby national parliaments can take initiatives. That is something Mr Timmermans, at the Commission, is sympathetic to, so the idea of the right of initiative for national parliaments is making progress.

**The Chairman:** You are very kind, Senator Bizet, about our attention to that matter. I should have said this earlier, but perhaps you could give the respects of this Committee to Madame Auroi in the Assemblée Nationale, from whom I had good wishes only this morning. As you know, they have responded to our initiative by suggesting work on corporate social responsibility. We have been in correspondence with them about some of the detailed thoughts on that. It is the beginning of a dialogue. The only point that I would make, other than to register that, is that we will clearly need to be sensitive to the interests of the European Parliament. If we want to deal with democratic deficits, we have to agree among ourselves before we can start to challenge the Executive.

I do not want to spend the afternoon on the green card, but it is fair to say that it is an experimental procedure. It is an example of how we can take an initiative together.

**Q156 Lord Jay of Ewelme:** Senator Keller, you said a little while ago that you thought that two of the issues raised by the Prime Minister were rather philosophical. One of them was the relationship between the eurozone and non-euro countries. I am not sure that that is philosophical. I think it is a very practical consideration and one of the more important aspects of the negotiations.

I want to ask about the other issue that you raised, which is the aspiration in the preamble to the EU treaties to the establishment of “an ever closer union among the peoples of Europe”. As you know, that is one of the issues that has been raised by the Prime Minister and that he sees as important to us. Could you say something about how far you yourselves or how far the French people regard an ever closer union among the peoples of Europe as having real resonance? What do they understand by that phrase? Would it make any difference, in your view, if there were agreement to the phrase “ever closer union among the peoples of Europe” not being applied in some way to Great Britain?

**Fabienne Keller:** First, as you know, “ever closer union” is in the treaties and was a very strong principle of the founders of Europe. We always have to progress.

**Lord Tugendhat:** Excuse me, could you please face the front?

**Fabienne Keller:** I am sorry; I have a low voice. I said that it was a principle written in the treaties. It was in the mind of the founders of Europe that we always have to progress. That is part of the stability of Europe—always having new objectives and ambitions for Europe. In France, we have not recently had a discussion globally about whether or not it makes sense, because we do not have sessions or work on what the shared objectives of Europe will be 20 or 30 years from now. As in Great Britain, we talk more about posted workers—workers coming from other European countries to work in your country, because there are lower levels of social security in their countries of origin and they will work more cheaply in your country. We are involved more in the same debates as you, to do with competition and so on, applied to the French situation. I do not know what the spirit of France is today with regard to the ever closer union project, but if we as politicians do not propose a new project to people, they cannot share that ambitious objective.

**Lord Jay of Ewelme:** If there is agreement in the renegotiations that in some way or another that phrase no longer applies to the United Kingdom, what effect, if any, do you think it would have on France and the rest of the European Union?

**Fabienne Keller:** It is difficult to say. May I speak off the record?

**The Chairman:** Yes. The Committee respects that. We will take this answer off the record.

*The Committee continued in private session and then resumed in public.*

**The Chairman:** Thank you for those comments. We will now revert to the record. It might interest our French guests to know that one of our interlocutors in Brussels the other day said that his interpretation of an ever closer union among the peoples of Europe was when English football fans sang “La Marseillaise” after the bombings in Paris. Whether you agree with that comment or not, it was a very eloquent one.

**Fabienne Keller:** In fact, Mr Cameron was the first person to react and to call Mr Hollande after the Bataclan attack, very early in the morning.

**The Chairman:** There was a very strong feeling here. We should record that.

**Fabienne Keller:** For us, this is at the level of the Queen Mother during the Second World War. Whatever rational discussions we may have, it is about what happens when a country is really in difficulties. During the Libyan crisis, the British and the French—the marines and the aeroplanes—were able to work together. That is essential for our future.

**The Chairman:** Lord Jay, I should have let you finish your point.

**Lord Jay of Ewelme:** No, that is all.

**The Chairman:** Thank you. May we go on to matters financial? Baroness Falkner has a question.

**Q157 Baroness Falkner of Margravine:** Madame Keller, one of the other things that you mentioned was that the eurozone and immigration are two critical areas where the UK is not wholly there. Indeed it is not. I want to talk about economic and monetary union deepening by doing, as it is called. First, it would be interesting to hear from you whether people in France recognise that London is Europe's global financial centre. If you recognise that, co-operation between the eurozone and the United Kingdom is vital. As you know, it is one of Mr Cameron's four demands. You will also recognise, of course, that the United Kingdom authorities very much want to keep a lot of the discussion at the EU 28 level. Do you think that that is possible, as we move forward?

**Fabienne Keller:** Are you asking whether we recognise that London is our global financial sector headquarters?

**Baroness Falkner of Margravine:** Yes.

**Fabienne Keller:** That is a fact. All the figures prove it. I see no question about recognition. It is so. You are the largest financial centre.

**Baroness Falkner of Margravine:** As regards eurozone trading, it is—

**Fabienne Keller:** Of course. It is the major eurozone trading place. It is very secure, efficient and well organised, and it is developing. A lot of French people work in the financial sector here. On a personal note, I used to work at a bank called CCF, in the asset management business. It was bought by HSBC, and all my colleagues are in London. If I had not become Mayor of Strasbourg, I would be in London, working in asset management.

**Baroness Falkner of Margravine:** It is our loss.

**The Chairman:** I should tell you for the record that the chairman of HSBC who carried out that transaction is one of our colleagues—Lord Green. He was speaking to me favourably of the bank in Brussels the other day, on the margins.

**Fabienne Keller:** I prepared the due diligence and then conducted my campaign to be Mayor of Strasbourg.

**The Chairman:** Thank you. I am sorry for the interruption.

**Fabienne Keller:** It is funny. I am glad to meet you, Lord Green.

Is it possible for the 19 to co-operate with the seven—or for the 19 to co-operate with those that do not want to enter the eurozone and with the others? What is particular in the British situation is that you do not want to enter. We have countries that are out but willing to join

and some countries that do not yet know whether they will join or resign. I am sure that it is possible, if we are clear that there are two different circles and that on your side you accept that, because we share a currency, we need to go further on fiscal integration and social rules. Without that, it is just crazy for a country like us, which is too protectionist with regard to personal interest. We have competition from people coming from other countries. Because they can work everywhere, it is not sustainable in the long term. If you accept that, you can take advantage, as in the financial sector, where you have built it yourself, but you should accept the fact that a few things are decided among the 19, even though today you are always part of the discussion. There is no institutional place only for the 19, except for the European Central Bank. No other European institution takes decisions at 19. The 28 are always around the table, so you can share the discussions, make your points and hear everything. We will probably have to work on how those two so-called systems work.

**Baroness Falkner of Margravine:** Can I come back on that a little? I accept what you say with regard to caucusing; there is probably not very much of that, and the United Kingdom is involved in discussions. When you look at the developing architecture of the eurozone countries, you have a very different regulatory format and so on. To be fair, UK concern revolves around examples like the financial transaction tax, where you have used a certain article of the treaties to move forward. In other areas, you use intergovernmentalism to move forward.

**Fabienne Keller:** But it is not progressing, because you are there and you are opposed to it.

**Baroness Falkner of Margravine:** Only recently the bridging finance story, which affected the UK, was not discussed with the UK.

**Fabienne Keller:** What are you referring to?

**Baroness Falkner of Margravine:** The bridging loan for Greece in the summer was not discussed with the United Kingdom. What you said is very significant, in the sense that there are areas where we need to move separately. The UK concern is that the single market, which is an acknowledged 28-member issue, can be weakened when we get more and more regulatory arbitrage between the eurozone countries and the non-eurozone countries.

**Fabienne Keller:** Can you remind me whether you are contributing a small share of the loan to Greece, or not at all?

**Baroness Falkner of Margravine:** Not any longer.

**Fabienne Keller:** Two years ago I wrote a report on the FTT. It will never work, because you are there. You have explained all the problems that it poses. I am speaking very freely. You are part of the discussion. Even though it is subject to the enhanced co-operation procedure,

you are still in the discussion and participating, knowing each step and each proposal from the Commission. As you may know, we are still waiting for the new proposal, because you explained why it was not possible to apply it and so on.

On the loan to Greece, as the leading financial centre in Europe and one of the top two or three in the world, you took advantage of the fact that Greece did not go bankrupt, but you did not pay.

**Baroness Falkner of Margravine:** United Kingdom banks were not as exposed as French and German banks.

**Fabienne Keller:** Of course, we have all sorts of relations. Still, you did not participate directly in the financing, which is very costly and risky for us. I think that is fair, due to your position. You are not in the eurozone, so you are not in charge of stabilising the system, but you cannot say that it is a negative point. On the contrary—the fact that the eurozone is strong is very important for your financial position. You took advantage of that.

**Jean Bizet:** [*Interpretation*] I will make one point in answer to the second part of your question. We were talking about the singularity of Britain. We have dealt with more difficult problems in the past. If we think about something along the lines of the Ioannina compromise, it should be possible to find a solution that would not be harmful to you and would not impede the development of the eurozone.

In the minds of French people, particularly the French political class, the City is something that is viewed positively. We know that the City has huge expertise when it comes to financial engineering and that that is a good thing for the other member states, which can try to emulate that example. It is a source of progress for everyone involved. This is where the differences make us all richer. Again, I pay tribute to the financial expertise and excellence of the City.

**The Chairman:** You are very gracious. We will finish the financial and economic questions with one from Lord Green.

**Q158 Lord Green of Hurstpierpoint:** The question is a broader one and is about the single market. In his comments on the single market, David Cameron said that he was looking for a commitment that would “bring together all the different proposals, promises and agreements on the single market” in a single “commitment that writes competitiveness into the DNA of the whole European Union”. I suspect that that phrase is something with which all parties almost everywhere in Europe would agree. I imagine that among the French establishment it would achieve wide resonance at that level. I also suspect that, when we dig deeper, there will be differences of view about what a single market should really be based on. There is clearly a difference between a very market-liberal approach and a much more social market-oriented

approach, so there will not always be agreement on the practicalities. In any event, without resolving all those philosophical questions about the single market, can you imagine that there will be particular, specific benchmarks that could be included in the response to David Cameron and would give more substance to the rhetoric? Can you imagine a form of resolution at the February meeting of the Council that would agree to put the single market DNA at the heart of everything that Europe does and translate that into specific objectives the Commission would be held accountable against?

**Fabienne Keller:** I am sure that the diplomatic representatives will find the right formula. Everybody agrees with the spirit, which is that we have to deepen the efficiency of our markets. We have to organise the markets that are not organised at European level, such as the digital market. We could be strong there, but we are weak, because we are not together within common walls. In the energy market, it is crazy not to have common views, exchanges and defined priorities. We have all this change and we are all investing tremendous amounts in renewables, but we are not sharing energy and our political choices efficiently. We can make progress only if we are more integrated.

Concerning all the different improvements that are possible in markets, the idea that some aspects of our markets are not efficient and that whatever can help the barriers to disappear has to be done is an objective that can be shared. Free movement of goods is so much in Europe's DNA that it is very important to improve the functioning of the markets, but on the practical side.

**Jean Bizet:** *[Interpretation]* This question bothers me a little, because I would say that French DNA is not as good as what we call Anglo-Saxon DNA when it comes to economic competitiveness. Here we have a lot to learn from Britain. France finds it very difficult to launch structural reforms. If you have a neighbour who is struggling and is not able to launch structural reforms, that will not be good for Britain. If France cannot make structural reforms, that is not something Britain has anything to gain from. A few years back, I was writing a report on posted workers and I came to Britain for that work. Even back then, I was impressed by how far ahead of us you were in what you were doing. For the EU to progress, there has to be a programme, with different phases and commitments. That is in your interest, but it is even more in France's interest, because then we will have to respect those commitments, which will force us to make the changes. That willingness to change is not something that is in the genes of Mr Hollande, although perhaps it is more in the genes of my colleague and me.



**The Chairman:** We will leave the French political debate and go on to what is in many ways the most difficult of the issues that our Prime Minister has identified. It follows the posted workers directive; it is the issue of migration. Two of my colleagues would like to contribute.

**Q159 Baroness Prashar:** As the Lord Chairman said, not only the most difficult but probably the most challenging issue is that of migration, which is further complicated by the current crisis facing Europe on asylum seekers. Do you think that it is uniquely a preoccupation of the UK, or is it something that challenges Europe as a whole, because it touches on the issues of freedom of movement and equality of treatment? I would like to hear your views on that.

**Lord Blair of Boughton:** If you would not mind, I would like to ask a second question, which is linked to immigration. How do you assess the impact on the renegotiation and, indeed, the forthcoming referendum not only of mass migration but of events such as the attacks on women in Cologne and Stockholm and, of course, the Paris attacks themselves?

**Fabienne Keller:** On migration, our understanding is that the issues that are important in Great Britain are more about people from Poland and the Baltic countries coming and taking advantage of social benefits in Great Britain, whereas in France or the Netherlands the issue is more about Syrian people coming. As nobody is controlling that, nobody knows exactly who is coming. As a manager of the French administration told me, everybody coming in today is Syrian. It is a stress when you mix that with terrorism. Maybe some of them are terrorists. Even if it is only a few, it is enough to increase the risk in our countries. It is clearly a new atmosphere, where all these subjects are mixed up.

We do not have the same fear of European workers, although we used to. There was the issue of the Polish plumber. A friend of mine, who is from Poland, told me, “Do you know the name of the first Polish plumber? Marie Curie”. It is a very good point, meaning that exchange within Europe has always created a lot of wealth. That is why we speak about migration in all parts of society, whereas in the past it was more a subject for far-right people. Living in Strasbourg, I know that the situation in France is very different from that in Germany. There is a small city on the other side called Kehl. They have about 500 Syrian migrants. They have organised their lives and have hired German teachers—some French people have been able to find a job in that way—to include them in German society. It is very difficult to say how all of that will balance. One of the huge paradoxes is that we have so many people who are unemployed, yet the Germans explain to us that they need so much migration just to fill jobs. Something is not working in Europe. Is it about qualifications, mastering the language or the real mobility of lower-level workers? Something is not

working. That is probably why the issue, which would not have been accepted at all at European level two years ago, may be treated as a relevant subject, even though the mobility of European people within the European Union is still a principle.

**The Chairman:** But the British are not resented for raising the subject. The fact that we have said that we want to have changes is not a matter of offence to your colleagues in France or to French opinion.

**Fabienne Keller:** No. Because we have a migration problem, of very different origin, it is more acceptable to discuss the issue of migration. That is good, because we are looking at reality—we are looking at what is really going on.

**Baroness Prashar:** How do you reconcile that approach to broader migration with the concepts of freedom of movement and equality of treatment? I can see why the current situation is making migration an acceptable subject to discuss, but how do you reconcile that with those concepts?

**Fabienne Keller:** Talking about external migration is no problem. We could fix quotas, if we decided, at European level. Your subject, the subject for the British—quotas for internal European migration—is a question of principle. How far will the leaders decide to accept that the principle should be changed? In Brussels, senior civil servants consider it a very strong principle of the European dynamic, because through the movement and transfer of people you increase your national GDP. That has helped Spain and Portugal in the past, for example. We do not know where the compromise will end up, but clearly everybody is more open on the subject of migration—even people on the French left.

**The Chairman:** That is interesting. Monsieur Bizet would like to comment.

**Jean Bizet:** [*Interpretation*] This is a very complex and painful question, because behind it there are real people—men, women and children. It is not the case that the French population is against the British attitude in this respect. What we did not understand was the fact that Mrs Merkel seemed to react with her heart rather than her mind. That is not something we have been used to from her. This massive migration phenomenon is really a consequence of the failures—in particular, the military failures—of our American friends and of the EU. We failed to anticipate and to settle the crisis in Syria. We also failed in our neighbourhood policy, because we looked towards the east and failed to see the dangers that were emerging in the south. Genuine asylum seekers should be given asylum, but economic migrants should not be allowed to come in. And Asylum seekers will go back to their home countries in the future. The phenomenon will carry on as long as we do not have a proper neighbourhood policy south of the Mediterranean, because the source of migration will still be there. We will

have to do more. As the EU, we will have to invest more in those countries so that it is not just up to countries like Germany, Britain or France to carry the burden of the problem.

**The Chairman:** We have been going for well over an hour now. I know that one or two colleagues would like to add questions in a moment, but at this point we should ask our French guests whether they have any questions of the Committee. Who would like to go first?

**Jean Bizet:** [*Interpretation*] It is not really a question. I would like to express two wishes. The first is that Britain votes well at the referendum—that you do not leave the EU. Secondly, after the referendum has been won, we would like to come back here to see how together we can work to improve the functioning of the EU, because we agree that it is not working very well at the moment.

**Fabienne Keller:** My feeling is that sometimes France has a bad image in the United Kingdom, because we are not as practical and efficient as you are in the business sector. Of course, you love France. All the people we met who were in favour of Brexit have a house in France, so you have no problem with the nature, the culture, the spirit or the atmosphere. However, what could you or we do to improve the efficiency of being two partner countries, to build a common future both within Europe and together, as France and the UK—as two countries that are long-term friends, with a common history over several centuries?

**The Chairman:** That is for later, but it is very interesting to hear your comments. There is just time for Baronesses Armstrong and Kennedy.

**Baroness Armstrong of Hill Top:** Has my question not been asked?

**The Chairman:** Some of it has. I just wondered whether there was anything else that you wanted to add to it or to what Baroness Prashar said.

**Q160 Baroness Armstrong of Hill Top:** I was going to ask about the consequences of Brexit, not just for Britain but for Europe and for France. Is there anything else that you want to say about that?

**Fabienne Keller:** I think that you have a responsibility for the future of the rest of Europe. If you drop out, you put us in bad shape, because clearly it is a setback. It is a big break in the progressive project. When I was Mayor of Strasbourg I met members of an Asian structure that had been started. They looked admiringly at European construction and said, “How did you do that through time? It is marvellous, with common rules, a free market and understanding for one another”. Sometimes we should step back and look at what we have been able to build together in the past 50 years, because it is a miracle. It is something very exceptional in the world, so help us not to withdraw too much.

**The Chairman:** Baroness Kennedy, while not the only member with an interest in human rights, is the doyenne of the Committee in that field.

**Q161 Baroness Kennedy of The Shaws:** I am a human rights lawyer, so this is not a surprising question. Of course, our engagement with human rights and with the European Court of Human Rights is not contingent on our belonging to the European Union. If we were to withdraw from the jurisdiction of the European Court of Human Rights, do you think that it would have consequences for our relationships with our fellow members of the European Union?

**Fabienne Keller:** Are you asking about your membership of the Council of Europe, as a signatory to the European Convention on Human Rights?

**Baroness Kennedy of The Shaws:** Yes, of course.

**Fabienne Keller:** That is also now included in the treaties of the European Union. You should have that in mind.

**Baroness Kennedy of The Shaws:** There is talk of creating a British Bill of Rights, which would be very similar to the European convention, but the jurisprudence of the European court would not apply and the European court would not have a remit. That possibility is being debated. What would be the impact of that on our relationship with Europe?

**Fabienne Keller:** Huge, of course, because you are the oldest democracy in Europe. In a lot of areas, you are the root of the rules on human rights. It would be impossible to understand. When I happen to go to the Court of Human Rights in Strasbourg. I always find it very nice to have all those judges working together. Of course, it is more complicated. It is not controlled by the British people, but it is strong and important in Europe.

**Jean Bizet:** [*Interpretation*] This is perhaps the only point on which Fabienne and I differ slightly, perhaps because she has a much bigger heart than I. My heart must be a bit smaller than hers. I talked about this at a recent COSAC meeting in Luxembourg. The Lisbon treaty mentions the European Court of Human Rights. In the last few years, the European Court of Human Rights has been going quite far, in my opinion, so I cannot say that your attitude to this upsets me. I listened with a lot of interest to what the President of the Court of Human Rights said when he visited Paris only a few days ago. He said that, faced with the challenge of terrorism, the European Court of Human Rights had to be realistic. He used the word “realistic”. Perhaps I am being a bit provocative, but that is very interesting, because the European Court of Human Rights has not always been very realistic, in my opinion. Perhaps this is something that will offend or upset some of you, but it is my opinion. I have a minor difference with Fabienne in that respect.

**The Chairman:** I suppose that my comment on that is, “Vive la différence”.

It is nearly 5 pm. You have been working very hard. First, I would like to express our appreciation to the translator and the transcriber for their work. It is not easy. Politicians have their own styles of speaking and sometimes their own interpretation of their words and the words of others, but you have operated very helpfully for us. In particular, I would like to thank our two guests and friends, Senator Keller and Senator Bizet. Perhaps more eloquently than anyone could on paper, they have expressed their solidarity and interest by attending our Committee and giving us helpful evidence and some very thoughtful and, I think, unanticipated lines of argument, which we will reflect on very carefully.

We have a lot to exchange views about. As my colleague from COSAC, Monsieur Bizet, knows, there are opportunities, but, as you have also indicated, there are possibilities for the future for collaboration and the concertation of views. If that can be done to this level of intensity, interest and engagement, it will be very helpful. I would like to express the thanks of us all, to wish you a pleasant time for the rest of your stay in London and to ask you to visit us as often as you find that you can. Thank you very much indeed. There is applause in the room. Applause is not common in these meetings, but your evidence has been very much appreciated. I now close the formal evidence session.