



Select Committee on International Relations

Corrected oral evidence

Beyond Brexit: the UK and the Balkans

Wednesday 15 November 2017

11.30 am

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Members present: Lord Howell of Guildford (The Chairman); Lord Balfe; Baroness Coussins; Lord Hannay of Chiswick; Baroness Helic; Baroness Hilton of Eggardon; Lord Reid of Cardowan; Baroness Smith of Newnham.

Evidence Session No. 6

Heard in Public

Questions 68 - 75

Witness

I: The Rt Hon Sir Alan Duncan MP, Minister of State for Europe and the Americas, Foreign and Commonwealth Office; Ms Fiona McIlwham, Head, Western Balkans and Enlargement Department, Foreign and Commonwealth Office; Mr Andrew Page, Western Balkans Summit Co-ordinator, Foreign and Commonwealth Office.

USE OF THE TRANSCRIPT

1. This is a corrected transcript of evidence taken in public and webcast on www.parliamentlive.tv.



Examination of witness

Sir Alan Duncan, Ms Fiona McIlwham and Mr Andrew Page.

Q68 The Chairman: Minister, good morning. I thank you and your team, Fiona McIlwham and Andrew Page, for coming to see us this morning. We are grateful to you for sparing the time when there is a great deal on on every front.

As you know, this Committee has been visiting the western Balkans area. We are putting a report together that we hope will be useful both generally and in the context of the western Balkans summit that your department and the Government are planning to hold next year.

I begin with a rather general question for you. You have a whole series of formidable roles. Ministers in the Foreign Office are of course allocated vast areas of the planet; I know that is the way it does things. I imagine that the western Balkans are not your main preoccupation at the moment. Nevertheless, we feel it is an area where the UK influence could continue to be highly effective; an area that, if neglected, is full of potential danger; and an area where our interests are as much at stake now as they were in the past; and an area where, if necessary, we can prove that the UK has a continuing and positive role in key danger areas, with all sorts of wider-world involvement. Do you agree with that assessment of the priority of the area?

Sir Alan Duncan MP: Chairman, first, thank you for asking me to appear before you. On my right I have Fiona McIlwham, who handles the Balkans in the Foreign Office. On my left is Andrew Page, a former ambassador to Slovenia, who is specifically in charge of the Balkans summit preparation and the summit itself. You are right that I have an enormous part of the world to look after—the whole of the western hemisphere, basically; 77 countries. I would disagree with you in only one respect: you perhaps implied that the Balkans are a slightly lower priority than some other countries in my portfolio. They are not; they are very significant. The summit itself as a focus for us on this. Only last week I travelled to Albania and Kosovo. We see it as a region in which the UK can play a very important part in promoting European prosperity, stability and stability. So the Balkans matter; that would be my main message to you.

We think the summit will give us a chance to demonstrate our commitment to both the Balkans and surrounding partners in the rest of Europe. Our priority is to make tangible progress on some of the core challenges in the region that threaten our collective security and stability. We are working very closely with Germany, as part of the Berlin process, and the Governments in the western Balkans to try to shape a summit agenda. We expect to focus on prosperity, security and the reconciliation legacy that is always part of the region. We are trying not to impose things from London but to consult people and make sure that they have had significant input in advance into the priorities that we then inject into the Balkans summit itself. I expect that we will want to take forward



some previous successes, such as connectivity—it is an important economic area—energy, digital and entrepreneurship. We will also look at key issues that undermine progress, such as the all-pervading corruption and the significance and real difficulty of organised crime, which leads to the trafficking of drugs and people. As part of the broader issue of countering violent extremism, this will be very important.

The Chairman: Thank you very much. That is an extremely full and comprehensive answer. I found it a very useful guide. All sorts of points were touched on in your reply that we would like to pursue in more detail. Thank you for an excellent start.

Q69 **Lord Hannay of Chiswick:** Minister, I wonder if we can look a little at the countries in the western Balkans that are not yet members of NATO or the EU. How do you see the accession process going forward for those of them that want it? Because of Brexit, I suppose the answer on the EU accession process is less relevant than the one on the NATO accession process.

In particular, could you address the issue of the country that is most advanced on the road towards NATO membership, Macedonia, whose Government, as far as we can tell from the evidence we have had, have had a radical change for the better in recent months? Do you think the British Government are in a position to bring that process to completion in a reasonably short period of time? Does it depend on solving the name issue, or could it be that NATO accession at least—I am not talking about EU accession—could be achieved by some means that does not involve solving the name issue as a precondition?

Sir Alan Duncan MP: There are lots of issues there. First, on NATO, Montenegro has just joined. As you imply, we remain strong in our continuing support for NATO accession for these countries, and we have success in some areas. One could almost park that to one side compared to the issue of the EU, where I think anyone would accept that our continuing support for accession to the EU where the proper process can be reached and agreed, which is our position, may appear slightly paradoxical. However, even though we are going in one direction, we will to our utmost, because we think it is important for the stability of the region, to do what we can to encourage and support countries that wish to join the EU.

It is unlikely that we will solve the name question in one fell swoop, but an important moment when I visited Macedonia was that the democratic outcome of the election was being pretty well challenged. I spoke directly, in my normal way, to President Ivanov, and was pleased that a couple of weeks later he gave the mandate for the new Government. That was a very important moment for the smooth workings of democracy in that country.

We also, and this underpins our clear policy in the region, have programme funding and clear support for the improvements in society



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and government that will make the country qualify for membership of the EU, such as improvements in the rule of law and tackling issues under the broad label of “corruption”, such as judicial appointments. So the UK is having a very positive influence in the entire region in helping countries on their journey to qualify for membership of the EU. That has very much been the focus of our political and programme activity. With your permission, Lord Chairman, my better-informed officials on either side of me might want to add to that, as this is an important issue.

Lord Hannay of Chiswick: Could I just follow this up before we move on? You said that you wanted to park the NATO issue, but actually the main thrust of my question related to what we were told by the new Macedonian Government—that they thought there was more hope of overcoming the obstacles to getting into NATO in the short term than the obstacles to getting into the European Union. Could you comment on that? Is that your view, too? If so, what can the Government do to smooth Macedonia’s path towards NATO membership, if you agree that that is a more realistic objective than early EU membership?

Sir Alan Duncan MP: If I may correct you, you may have misunderstood me when I spoke about parking that. That was just for the purposes of this conversation. The deeper and more difficult issue, exactly as you say, is membership of the EU as distinct from membership of NATO, which is more advanced and more likely in many cases.

Fiona McIlwham: As the Minister has rightly set out, we will actively support all countries that aspire to join NATO and the EU. In the case of Macedonia specifically, we are encouraging it to meet the requirements. Obviously, the country has been in deep crisis for a significant period of time, which has implications for its institutional structures. We are encouraging the reinvigoration of reform, including in the security sector. The alliance would want to be assured that it had indeed met the criteria and could contribute. So, yes, the name issue is a key block. We are all clear on that and we will do what we can to encourage the discussions between Athens and Skopje. We have offered our support in that regard. However, there is a process in place, so we would be in a supporting role but using and identifying opportunities where we can offer practical and more active support.

The Chairman: Minister, you are indeed right that there is a certain paradox in arguing the case for these countries moving towards the EU while we are moving away. Several of our interlocutors put on a piece of paper a large circle with an arrow pointing them in and us out. It caused some awkwardness. What is your assessment generally—we will come on to the detail later—of our position as we seek to move away from the great European treaties? How does that affect our overall approach and influence in the area?

Sir Alan Duncan MP: Anyone can argue one way or t’other that leaving the EU removes us from certain forums and reduces our influence in certain areas, but I think the mood is that these countries accept this;



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they accept that this is a democratic decision that we will follow through. What they also accept—and this is the main point that I have been making everywhere I go ever since I became a Foreign Minister—is that we may be leaving the EU but we are not leaving the European or the world stage. Indeed, in many respects we will want to prove that point by reinforcing and strengthening a lot of our bilateral relations, but also our clear policies of engagement in defence and security in this part of the world. They accept that. We have, for instance, just increased our reserve force for the Balkans from a company to a battalion. It was announced when I was there last week. That is the sort of positive step that is appreciated and understood.

My simple answer to your question is that I do not think that anyone in the Balkans thinks that because we are leaving the European Union we are going to withdraw from their part of the world or reduce our commitment and our positive activity within it.

The Chairman: Thank you. That is very clear. Lady Smith.

Baroness Smith of Newnham: Minister, is not some of what you have just said rather undermined by the rhetoric of certain Conservative MPs who are suggesting that we are leaving the European Union not necessarily because of issues that might be fully understood more generally but because the EU is undemocratic and so on? If that is being said, as certain MPs said yesterday, does that not create a disincentive for countries in the western Balkans to aspire to EU membership? It makes it much harder for you and your colleagues to say to them, “You should aspire to join the European Union”. “Do as we say, not as we do” is not a very good lesson, is it?

Sir Alan Duncan MP: Nice try, but no, not at all, and I do not really think that that is a legitimate part of this inquiry, in some respects. Everyone knows that we are leaving the EU, but they also know that we are in the P5 and in the G20, G7, NATO, OSCE—all those organisations. As the one country that is spending 2% of GDP on defence and 0.7% of GNI on development, and the only country doing both, the message about Britain is very strong, and the voices that you are describing in your own language do not undermine that.

Q70 **Lord Balfe:** I want to get to the more detailed work that happens below ministerial level, which is extremely important for shaping things in a post-Brexit world. For instance, a lot of the decisions about pre-accession aid and programmes that are supported through the EU are dealt with in the Political and Security Committee and largely shaped at official level. We, it seems, will be outside that structure. How do you see us influencing it, or will we just be informed about what is happening and perhaps invited to contribute? It certainly seems to me that we will have less of the day-to-day influence that comes from the official-level discussions which I know, having spent 25 years out there, prearrange things; for instance, when they start shaping the budget headings and how to go forward and what the Enlargement Commissioner is going to



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make as the priorities, et cetera. How will we have a continuing influence in there? If not, how will we compensate?

Sir Alan Duncan MP: As a diligent Minister, I would like to think that my officials are not doing things that I do not know about and that we are perfectly joined up on these things. But I understand what you are saying about a lot happening at that level. I will ask Fiona to say something about her involvement in this very process.

Fiona McIlwham: We have set out a political and strategic commitment to work closely with our European partners in the western Balkans. That was set out in the White Paper as part of our Brexit package. That is the principle by which we are guided. How we organise and arrange that is part of the negotiation, and I cannot prejudge that now. Obviously, for the period during which we are a member, we will play an active role in the committees in the normal way—and we do, both in the direction and in the areas in which the spend is made and in value for money. It will be important that we maintain some sort of relationship to be able to guide in the future, but we will also be able to use our bilateral spend to shape and steer that. We already do that through pilot projects, et cetera.

Lord Balfe: Do we have a strategy for continuing involvement in the Political and Security Committee?

Sir Alan Duncan MP: Yes, we do and this has been laid down by the National Security Council. The NSC has defined a specific Balkan strategy, which allows me to give a definite yes to the question you have just asked.

Lord Balfe: What is it?

Q71 **Baroness Hilton of Eggardon:** On our recent visit to Serbia we were very struck by the fact that the media—television and newspapers—are totally controlled by the Government. Is there a role that this country, as a critical friend, could play in perhaps influencing a rather more democratic approach to the media?

Sir Alan Duncan MP: This is an essential part of what makes up a democratic society. I am pleased to say that the BBC will be going into Serbia next year, which is a good step forward. Nonetheless, it is fair to say that we are concerned about the politicisation of the media and declining media freedoms in parts of the region. In some cases, I am sorry to say, this includes violence against the media and unbalanced media coverage, particularly in election periods, which of course is more antidemocratic than we would ever like to see. We raise these concerns with the Governments bilaterally and through the EU and the OSCE, and one of our focuses is to improve the media landscape. Without improvement in this area, they will not qualify for membership of the EU.

The Chairman: Baroness Helic has a question on a wider dimension.

Q72 **Baroness Helic:** Minister, we have had a lot of evidence about the roles



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of Russia, China, Turkey and countries such as the United Arab Emirates in the region. How do the Government assess their role? Do you see benign or less benign influences there? Do you see any opportunities for partnering any of these countries in the post-Brexit era?

Sir Alan Duncan MP: I think it is evident to everyone here that Russian influence is being watched very closely. There were some very adverse reports of its involvement in the elections in Montenegro. It has a very long-standing and complex relationship with the region that takes many forms—historical, cultural, political, and of course the energy influence, as well as through information campaigns and links with politicians. Our analysis is that Russia has recently been pursuing an increasingly confrontational approach and would appear to have a broad policy of causing division where it can, so we cannot rule out further Russian interference.

You mentioned Turkey, which obviously has a very important historical role in the region, and it continues to maintain its interest. It is itself a NATO member and an EU candidate country, albeit that might be some way off. It has long-standing military, security and defence links. Turkey has tended, as I understand it, to focus more on Bosnia and Herzegovina, a bit of Kosovo, Albania, Macedonia and the Sandžak region, which crosses the borders, straddling Serbia, Bosnia and Montenegro. However, in October, President Erdoğan visited Serbia, with a large business delegation going with him. Trade is better than anything else if it is conducted properly, so that is good news.

We have seen China's engagement as primarily commercial. It has increased its involvement in the region, particularly in infrastructure projects, and its financial support for the region normally takes the form of loans without the sort of preconditions for reform that we would normally attach to any kind of help. In that sense, it might be lending money and putting down commercial roots, but it is not contributing as we might wish to putting the region in the right direction, as our policy is. That is my quick canter over those countries.

The Chairman: The Russian influence comes without money. We can tell that they are everywhere persuading with broadcasts and cyber operations and so on but not with money, whereas of course the Chinese involvement comes with very large commitments to infrastructure, which we have heard about. What is HMG's view generally? Do we welcome Chinese involvement as part of the bigger picture, as they plan railways to Warsaw and Budapest and through Croatia, or do we take it rather more cautiously?

Sir Alan Duncan MP: I do not know whether there is a clear goodie-versus-baddie answer to that. In other parts of the world they tend to link their generosity to growing ownership of natural resources, but obviously that is less the case in this region. To say exactly what the effects of that influence are is not easy to analyse. Andrew, as an ambassador, understands this very well.



Andrew Page: The Chinese were not very active in Slovenia, but thank you.

I would like to refer to an interesting conversation with someone senior in the EBRD that Fiona and I had recently when we were in the region. We were at a get-together at a conference that three of the six western Balkan Prime Ministers were attending. We talked to the EBRD about Chinese involvement and the fact that they give very concessional loans at very low rates of interest without any preconditions attached, and I asked what indications this had for EBRD lending. It is worth bearing in mind that in the Berlin process the Commission, which leads on interconnectivity, much of the prosperity agenda and particularly the building of road, rail and telecoms communications, has already invested the best part of €600 million in the region over the last four years in the Berlin process, so it is very much in the lead on the economic front and the EBRD is lending where it can.

I asked the EBRD person how we could get the best out of Chinese infrastructure investment without difficulties arising, and she said that the EBRD was looking at how it can work with China, for instance, through the Asian Development Bank and whether the EBRD can come in as a partner with China on long-term infrastructure investment. When the EBRD comes in, that brings in a level of rigour to due diligence and conditions attached to its lending. That is a rather interesting way of trying to harness the Chinese, rather than oppose them.

The Chairman: That is very helpful and useful, thank you.

Q73 **Baroness Coussins:** Minister, we have heard a great deal of evidence that corruption and organised crime, including human trafficking, are pretty much entrenched across the region. You have already referred to the need for anticorruption measures by the countries that aspire to EU membership. Could you say a bit more about how the Government are working with individual countries in the region and with international partners to combat crime and corruption? What impact does such crime and corruption have on the UK domestically?

Sir Alan Duncan MP: First, you are absolutely right: this is perhaps the most crucial question facing our working relationship with countries in the Balkans. It involves the whole of government. It is not just a Foreign Office thing; the Home Office, the National Crime Agency, the police and all sorts of organisations across the board are working together on the priorities here. Organised crime is a massive problem in these countries, but it also affects us because of drugs and people trafficking. In this sense, Albania, which is seen as the origin of a large element of this, is working with us as an increasingly co-operative and helpful partner.

When I was there last week, organised crime was the main issue that I was discussing all the time. It was as important for me to see the Ministers of the Interior and of Justice as it was the Foreign Minister, so I did. Indeed, I attended the launch of an organised crime strategy, which



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the UK Government have been instrumental in helping to shape with senior Ministers. That is where a lot of our focus is. We are also engaging with other western Balkan countries on serious and organised crime. My colleague Ben Wallace, the Security Minister, signed a bilateral extradition treaty with Albania in April, for example. This is a key focus for us, and it ties together all the interests that we need to work on between western Balkan countries and us. We have coincident interests on this issue. That is why it is such a powerful agenda.

Lord Hannay of Chiswick: I am sorry that Brexit keeps breaking in, but presumably our ability to work effectively in this area is going to be fairly heavily conditioned by whatever arrangements we reach with the EU about co-operation on justice and home affairs, because much of the EU's activity in this area will be run through things like Europol and so on. I recognise what the Government said in their White Paper in October, which to me personally was extremely welcome, but would you confirm that this will be a vital determinant of whether we are successful in our objectives in the fields of corruption, organised crime and so on?

Sir Alan Duncan MP: Yes, but we are developing practical alternatives to existing structures through enhanced bilateral relations and, as I explained earlier, an all-embracing, cross-Whitehall approach to these challenging issues—alternatives that in themselves will also have to deal with EU institutions should we not be part of them. So I hope that alternative structures can be designed, devised and implemented, but there are undoubtedly issues that we will have to adjust to as we leave the European Union.

The Chairman: As you have just been to Albania, you are in a very good position to give your impressions. What about the Kosovo issue? This remains the big Serbian hang-up. The President of Serbia told us that he is going to organise a great internal discourse or debate on Serbian attitudes to Kosovo and on whether they should change. He was not totally negative about changing attitudes in Tirana and across Albania, and of course he says that some great motorway or other physical structure will link Serbia and Albania. Do you sense from your visit that there is movement towards reconciliation and the careful handling of Kosovo?

Sir Alan Duncan MP: Obviously Kosovo has an enormous affection for us. That was very evident and it is very reassuring for any Foreign Minister going across the world. In a way, Lord Chairman, I suggest that your question is the fundamental one which the Balkans summit and the continuing work in the Balkans are designed to address over the long term. I do not think I can give you the immediate, straightforward answer that that everything is falling into place and it will all be fine, so these challenges no longer remain. The whole point about the Balkans is that these challenges always remain. It is a question of how one can inch forward, and I hope that the Balkans summit can contribute to that process of inching forward in a tangible way.



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Baroness Helic: I come back to the issue of corruption. In the Balkans, it seems, politics in general has become business, and corruption is sucking every gram of oxygen out of the possibility of the meeting moving things forward. Have you given any thought to introducing to the region the open-government approach that we have in this country and which we have shared elsewhere, and to whether we could make it part of our contribution to the western Balkans Summit—in particular, the British contribution to fighting corruption, which is holding the region back?

Sir Alan Duncan MP: Again, this is a primary focus for us in the Balkans. This broadly comes under the heading of “state capture” and it needs to be addressed. You have political systems in which politicians wield enormous influence in all walks of public life, while also being close to very wealthy businessmen. You have the civil service and state-owned enterprises being used as political patronage systems, and you have different degrees of this at all levels. That has to be overcome. We have what I think is a rather successful programme of vetting and recruitment in Kosovo. It makes sure, particularly for judicial appointments but also for others, that there is a much more open and transparent recruitment process, overseen by a force independent of the direct interests of politicians. This is something that UK programmes have been supporting, paying for and pushing towards. For instance, when I visited last week, I secured a public commitment from a Minister that one appointment that we were concerned would not be subject to the proper recruitment process would indeed be so. That, to me, was a small but tangible achievement in what was only a 24-hour visit. If we can do that incrementally and continuously in these countries through our programmes and through working with partners, I think that we are heading in the right direction.

The Chairman: We talked to some young people from Albania, and a rather negative note was struck about the ease of getting student visas and entry to the UK. I know this is a pervasive issue, but do you have anything to say on it? It came over rather strongly to us that this was not the best side of British policy on Albania.

Sir Alan Duncan MP: Everywhere I go anywhere in the world, the two most mentioned words are “Brexit” and “visas”. I hardly ever go to a country where I fail to get complaints about our visa regime: its expense, its unfairness, its unreasonable structure, the fact that some passports have to be sent to a neighbouring country, which they find diplomatically offensive, and all that kind of stuff. It is a major problem of international reputation for the United Kingdom.

Lord Hannay of Chiswick: May I follow up on that? Some of the evidence that we have received has suggested that in this region, where we do not have very big commercial interests and where our trade is very slight, higher education is probably one of the most promising British invisible exports and that it needs to be given a lot more encouragement.



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This links to what you have just said about the visa regime. Surely it is time for the Government to stop treating students as economic migrants. It is a disincentive. It damages our universities and our capacity to develop a very important set of links, soft power and so on, which is what you have admirably suggested in the last half hour is our objective.

Sir Alan Duncan MP: I am no great expert on migration, so I apologise straight away to the Prime Minister if I get this wrong, but I do not think that we treat students as economic migrants. However—this is the net point—we ensure that if they come to study, they then return home. That is why they appear in the migration figures. Therefore, I do not accept that we treat them in the way that you imply. We welcome students coming here. If we have 1 million in and 1 million out, we have a net of zero, but if we have 1 million in and half a million out, we have a net half a million coming in.

I repeat that we welcome students. That is why everywhere I go I normally have a reception for Chevening scholars in the countries that I visit. Their numbers are growing, they have benefited from an education in the UK and they are increasingly in significant positions in their countries of origin. Indeed, in the Balkans I met some seriously senior civil servants and members of the judiciary. This is a very good news story. Therefore, I would challenge the image that you describe of our approach to students. We welcome them. We are increasing the number of our Chevening scholarships. This whole process has had a really positive influence in many, many countries and it has been very good for the relationship between those countries of origin and the United Kingdom.

Lord Hannay of Chiswick: That is very encouraging, but I have to say to you that the Government rejected an amendment to the research Act, which it now is, that would have stated that students would not be treated as economic migrants. The Government rejected that, wrongly in my view, but that is their position. Therefore, I do not think it can be said that the Government do not treat them as economic migrants. We now have Office for National Statistics figures that show that only 4% of students overstay. So if we really do want to build up our influence in the Balkans, is it not time to build into that a more generous approach to welcoming, and indeed encouraging, higher-education students to come to this country?

Sir Alan Duncan MP: I am very grateful to you for giving me the opportunity to highlight the fact that that is one of our objectives for the Balkans summit. If I am successful in getting this put properly on to the agenda, as well as the list of tangible outcomes that we want to secure, I will, I hope, have pleased you even more. The trouble is, you have made me let the cat out of the bag a little earlier than I intended.

Lord Hannay: Well, good luck.

The Chairman: Minister, you are getting a very strong message from



this Committee. We realise all the constraints and the need for balance, but generally, in this and many other areas, we think a shift of policy is probably overdue.

Q74 **Lord Reid of Cardowan:** Good afternoon, Minister. You made a rather good fist, if I may say so, of what some people might regard as a rather weak case for our projected continuing major influence after Brexit—one of the two words that assail you. When the Government are arguing the case, they place great stock on trade—almost a caricature of the Adam Smith view that trade will solve all problems or at least will set the framework within which problems will be solved. In this region, which you have said is very important, our trade is very low. Yet people have told us, perhaps not unexpectedly, that there are extensive opportunities for developing that trade. My question is really quite simple: what can and are the Government doing to facilitate and support British businesses in their trade with this region before and after Brexit?

Sir Alan Duncan MP: You are absolutely right to imply that the total trade between the UK and the region is low. It is too low. In 2016 total trade flows were about £2.3 billion. UK exports were £1.7 billion and UK imports were about £540 million. This should and could be bigger. One area that we focus on is trying to improve what is labelled the investment climate, where we ensure through pressure, as best we can, that people will want to invest in a country because they feel that it has integrity, that the rule of law is properly adhered to and that the risk of having contracts completely skewed by political corruption is minimised and may disappear altogether. We have targeted programmes for this kind of thing. In Serbia, we are helping on transparency and things like that. The Department for International Trade is focusing some government support on these markets. There are several high-value opportunities, particularly in mining, retail and financial and professional services, and possibly automotive. There is a long way to go. Things have started but this needs more effort.

Andrew Page: As you say, Minister, in Serbia and Bosnia and now in Macedonia as well, under the Good Governance Fund, which is part of the Conflict, Stability and Security Fund, the best part of £35 million or £40 million is being spent over several years in these western Balkan countries—also in Ukraine, Georgia and Moldova—aimed at improving the business environment and working in other areas such as public administration reform and media freedom. We are looking to step up our programme of funding.

We are also looking to do more for Montenegro. I have just spent a year on secondment in the private sector working for PwC, which is organising and running the managed fund of the Good Governance Fund, so I have seen how it is working from the supplier perspective. It is coming up with some good ideas, together with our embassies, of where we can do more. This is a very active focus of our programme funding. At root it is trying to improve at source the problems with governance, which are linked to state capture, which the Minister has talked about, and some other



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problems of cronyism and corruption at very senior levels. It goes hand in hand with our efforts, building on previous Berlin process summits, to tackle those issues as well.

The Chairman: Are you finding that other departments are rowing in behind you in promoting more trade, probably more digital trade and services as well because that is the new pattern of international trade? I know what the answer is going to be, but is the DIT working closely enough with you? Are you going to seek more co-ordination with other departments? Is it all going ahead smoothly?

Sir Alan Duncan MP: It is all going crackingly well. The answer, actually, is yes. We have a very good working relationship with the Department for International Trade. It has been very assiduous in reviewing and in many cases increasing its export finance cover. You mentioned the digital area. That excites young people. Where there is large youth unemployment, this is an area where you can have youth employment and enterprise. It is an area where we are increasingly strong, and I hope that the links between the UK and the Balkan countries in that sort of field will grow.

Andrew Page: We are only now forming our summit team, but just last week a colleague of mine had a meeting with a senior official in the DIT, who heads up the global entrepreneurship programme, which has about 40 deal-makers working with the DIT. There have been more than 100 deals in the past year, very much in the entrepreneurship and start-up area. The programme carries out workshops. It has done a lot with India, China, the United States and Singapore. It has already started with Serbia. We are looking to do more work with it in the build-up to the summit so that the summit can showcase what we are doing on digital, entrepreneurship, start-ups, business-to-business contacts and mentoring.

The Chairman: Lord Reid had not quite finished his question.

Lord Reid of Cardowan: It follows on conveniently from what Andrew has just said. Given the physical constraints and the number of students who could come here and the intention to maximise the influence—commercial and so on—of British higher education, what thought and support have been given to the development of online university courses? If students cannot come here, the cyber age nevertheless permits us to maximise the effect, here and the region, of the reputation of British universities and British higher education.

Fiona McIlwham: The British Council has been involved in improving educational standards in universities in the region. That is one line of engagement that we have been looking at. But we can and will look at other opportunities, including online. We will take that away; we cannot answer that now. In the sphere of digital we are also looking at working through the British Council on digital literacy in schools. That indeed is a potential element of our summit work: trying to build on that.



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Andrew Page: This is particularly for the 10-to-14 age groups, where we are running pilots in all six western Balkan countries. We are exploring whether we can scale that up in advance of the summit.

Lord Hannay of Chiswick: Going back to the trade issue, I think I am right in saying that all these countries in the western Balkans have a free trade relationship with the European Union under negotiations being made. What are you or the Department for International Trade doing to make sure that on the day we leave we do not lose all those links? Have we had contact with these countries? Are they willing to cut and paste or roll over these access arrangements to the UK, or are we treating it as a lower order of priority?

Sir Alan Duncan MP: No. This is an issue with all non-EU countries. We discuss and we travel the world, and I think that by and large, where there is a trade agreement with the EU, most countries would like a seamless transition to us on similar terms when we leave. Of course, this has yet to be done, but in most of the countries that I visit I find the appetite for doing so really very encouraging.

The Chairman: I think I am right in saying that the European Union (Approvals) Bill going through this House at the moment includes a paragraph on greater technical co-operation with Serbia. Is that the sort of thing that we will approve now but in 18 months' or two years' time we will have to unpick and rearrange, or can we go ahead with it outside of the European treaties?

Sir Alan Duncan MP: That question is perhaps a little technical and goes a little wide of what I understood would be the subject of this inquiry. However, my instinct is to say, as I have just said to Lord Hannay, that there is an appetite for making sure that, where there is an agreement between a country and the EU, they can have a similar economic or trade agreement with us once we leave. I hope that, wherever possible, there will be a replicated understanding that does not harm our or their economic interests.

The Chairman: Baroness Helic has a question on a final but very important area.

Q75 **Baroness Helic:** My question relates to reports of radicalisation emanating from the region.

The Chairman: I have just made an error. Baroness Coussins was longing to get in on the previous question, and then you can start. I am sorry.

Baroness Coussins: This relates to what we have just been saying. The world of digital entrepreneurship and start-ups that you mentioned is one where young people are the experts. A young people's forum was part of the last western Balkans Summit. Can you tell us whether there will be something similar at next year's summit, which we are to host, or whether young people will be incorporated more centrally, rather than



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just being on a fringe forum? Can you also tell us whether the work of NGOs in the region can be incorporated into the summit's programme as well?

Sir Alan Duncan MP: Fiona can provide our institutional wisdom because she was at the last summit and will help us move seamlessly into the next one.

Fiona McIlwham: I think the short answer to your question is yes, youth will be a central focus and it will run throughout the agenda. We do not see it as an add-on event, precisely because, as the Minister said, we see the talent through our Chevening scholarship programmes, but, more widely, we can see that we need to draw on it in a more meaningful way. Therefore, I think that the summit will be looking to engage the youth and other dimensions of these countries along specific themes, be they in economic, security or political co-operation areas.

Andrew Page: In my very first week in this job, which was four weeks ago, we had a round table for two hours with 40 outstandingly good and eloquent young Chevening scholars from the six western Balkan countries. They were aged from 18 to about 30 or 32. Some of them were already very successful young professionals in their own right. Many of them had start-ups and were entrepreneurs. They arrived with some very clear-cut ideas of what they would like to happen as a result of the summit and how they would like to be involved. We want to involve them. We want to involve RYCO, the Regional Youth Cooperation Office, which was set up a couple of years ago under the Berlin process, and we also want to work with other young groups in the area.

However, as Fiona says, we do not want to work with them just as a discrete group of youth. In a way, we want to bind together some of the people in academia and in think tanks and those who are activists with some business people and young entrepreneurs, many of whom are young. The western Balkans is very rich in other talent. They are very strong in areas of education, particularly engineering and maths and so on, and they still want to work on other areas in their syllabuses. We want to get their ideas in advance of the summit, work with them at various staging posts and have them make a presentation on the day of the summit, probably to Foreign Ministers. We want representatives of them to be involved on the day.

Sir Alan Duncan MP: It is in the bloodstream of the planning.

The Chairman: We return to Islam.

Baroness Helic: Would you like me to repeat my question?

Sir Alan Duncan MP: I think I got the gist of it.

Baroness Helic: But perhaps I may just add to it. Very often the President of Croatia uses that particular strand of influence to emphasise that there are tens of thousands of radicals roaming around Bosnia in



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particular. Are there or are there not?

Sir Alan Duncan MP: I think that extremism and radicalisation in the Balkans are both nationalist and Islamist. There are probably those two identifiable strands, which may of course overlap, but at its simplest that is what we think we have to look at. Nationalist extremism can often be inappropriately exploited by politicians. Some religious and indeed political leaders use radical Islam to play on people's fears about their security. So, yes, this is something on which we work closely with other countries. You will appreciate that some of it has to be relatively discreet. We estimate that probably about 1,000 foreign terrorist fighters travelled to Syria and Iraq from the western Balkans, but there have not really been any new reports of such people since about 2015. There are some estimates—broad-brush stuff—that in the case of Bosnia and Herzegovina about a third have been killed and a third have returned. So quite what the legacy might turn out to be in terms of any kind of continuing extremist risk will require continuing assessment.

All I would say is that this is on the radar and we are not complacent. We work with countries where we think that we can be of use to them in making sure that this does not become a growing problem.

The Chairman: Just on one aspect of this, we were told that there is a genre of European Islam in Sarajevo, for instance, which to the visitor is much more moderate—the hijab is not worn and there are no questions about who can drive motorcars or anything like that. There is this Islam which I suppose springs historically from the conversion to Islam of many people under Turkish occupation in previous centuries. Is that a different culture from the sort of Islamist feelings that give rise to jihadists and young people going off to perform horrors with Daesh in Syria?

Sir Alan Duncan MP: I would not want to pretend to be too deeply versed in these deep and intellectual questions. If I may, I will turn to Fiona, because she served in Bosnia and will have a direct personal view or experience of this.

Fiona McIlwham: I am conscious that we have a lot of expertise in the room. I think you are right that indigenous Islam in the Balkans is, I suppose, more progressive—that is one way of describing it—and it is something that we need to encourage and nurture. There are some very positive models of interfaith co-operation across the region, including in Albania, where I also served. I think that we can also use the positive examples and positive leadership in the region for wider global purposes. Indeed, the Prince of Wales also looked at this when he visited the region last year.

The Chairman: That was the final question. Walking through Sarajevo, you pass through, first, what looks like Istanbul—the Turkish area—then you pass mosques and a predominantly Muslim area, and then suddenly you are in the Austro-Hungarian European sector. This is the complexity of the region. I suppose that, as you say Minister, we just have to live



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with these contradictions and paradoxes; they will continue.

In the meantime, you have been amazingly helpful to us. I am very glad to be corrected in my view that maybe the western Balkans were not one of your higher priorities. You have made it clear that they are and that you are right on top of the issue. We are very grateful to you for your time. Thank you very much.