ANDREW MARR: Welcome Mr Davey.

ED DAVEY: Good morning.

ANDREW MARR: Can we start off talking about the Russian crisis and our energy. We have less than one per cent of our gas coming in from Russia, I think. Is that right?

ED DAVEY: That’s right. We’ve got very secure supplies of gas – from the North Sea of course; from pipelines from Norway using Norwegian gas; and we have a lot of gas imported on ships, liquefied natural gas. So our security of supply in gas, people shouldn’t be worried about that.
ANDREW MARR:
But what about price because if the West says to Russia, right we’re not taking any more of your gas, the price will shoot up all across Europe. That will hit British consumers too presumably?

ED DAVEY:
Well the people who, the companies who supply gas and electricity tend to buy their gas forwardly, so they buy 18 months in advance. So they shouldn’t be using it as an excuse to put up people’s prices. They hedge quite rightly. But of course we’ve seen when this crisis broke, there was a spike in oil and gas prices. They’ve now come down, I’m pleased to say. But of course if there was an escalation, if we saw military conflict, if that conflict went on for months and months and months, there could be an impact on prices. It’s one of the reasons why Liberal Democrats and the Coalition Government think it’s important we have a mix of energy, more diversified. So if you have renewable, nuclear energy efficiency …

ANDREW MARR:
(over) Sure, I understand that.

ED DAVEY:
(over) … you can protect us.

ANDREW MARR:
But one of the things people say is that the West can’t stand up to Russia because we need their gas because Western politicians won’t turn round and look Western voters in the eye and say, “I’m terribly sorry, prices are going to have to go up because we’re going to have to confront Russia.”

ED DAVEY:
Well EU’s dependency on Russian gas imports has been falling quite markedly in recent years because we’ve been investing in renewable energy. And one thing that I’ve been doing as the Secretary of State in Energy for the UK has been going to Brussels arguing for an ambitious approach so that we have more homegrown energy, that Europe invests in renewables as we’re doing in the UK …
ANDREW MARR:
So …

ED DAVEY:
… so we don’t have to depend on gas imports.

ANDREW MARR:
So why was your colleague Michael Fallon in Russia talking about a new pipeline to make us more dependent on Russian gas, not less?

ED DAVEY:
It’s about having more diversity. And one of the reasons why we’re arguing for shale gas, to exploit that here in the UK, one of the reasons why we’re arguing for the EU and the US to agree a trade agreement where energy can flow across the Atlantic is to have more diversity. If you have more diversity prices go down.

ANDREW MARR:
Yes.

ED DAVEY:
That’s what we want for consumers - more security and lower prices.

ANDREW MARR:
You’re clearly still worried about prices because you’ve written to the energy regulator and your letter implies that British Gas, if it doesn’t change its spots quite dramatically, will have to be broken up. Is that a fair assessment?

ED DAVEY:
Well when the Coalition came to power, we inherited Labour’s Big Six. They created these Big Six energy companies and we were worried about competition. So from day one, we’ve been trying to help the consumer by increasing competition. We’ve now got over … I think it’s nearly twenty independent suppliers challenging Labour’s Big Six. That’s pushing down prices. So we’ve taken action. We’ve improved switching, so a lot of people are switching from the Big Six. But can we do more? And the
evidence on domestic gas supply is I am concerned that we’re seeing too much dominance there by the new …

ANDREW MARR:
(over) By British Gas in particular?

ED DAVEY:
By British Gas in particular, but not just British Gas, and I wanted to bring that evidence to the independent competition authorities. So we’ve done a lot, we’ve taken action. The independent competition authorities can now take further action if they think it’s required.

ANDREW MARR:
And prices are still going up – possibly more slowly, but they are still going up – so I ask again is it possible, do you think, that you will call for British Gas itself to be broken up?

ED DAVEY:
That is a matter for the independent competition authorities.

ANDREW MARR:
Would you like to see it happen?

ED DAVEY:
Well the key thing is we provided the evidence that suggests there could well be a problem in the domestic gas supply market. Very interesting – the debate in Parliament, in the wider public, hadn’t focused on gas even though gas is two thirds of the domestic electricity bill. The official opposition, Labour, hadn’t mentioned this.

ANDREW MARR:
Enough of Labour. I’m just wondering about your policy as British Gas.

ED DAVEY:
Well one of the reasons I brought the evidence into the public domain to improve the
public debate on energy prices is to make sure that if there is a problem here, that the competition authorities look at it in detail and provide measures. It is up to the independent competition authorities to act. We’ve put the evidence into the public domain in a way that hadn’t been there before.

**ANDREW MARR:**
But as the minister, do you think that British Gas is in an uncompetitive position?

**ED DAVEY:**
Well the evidence we provided, which came from public sources, showed that British Gas has 40 per cent of the market. It has some of the highest prices and some of the highest profits in its domestic gas supply. And that’s in the public domain. It actually came through a publication last November where we saw four years of …

**ANDREW MARR:**
*(over)* So that suggests that your answer is yes?

**ED DAVEY:**
It suggests that there’s an issue that the competition authorities should look at. I’m not going to pre-judge their conclusions – that would be wrong – but I think that evidence does need to be looked at.

**ANDREW MARR:**
Alright, let’s turn to the Liberal Democrats. The big theme of the conference seems to me to be we are the anti-UKIP Party. Whatever UKIP says on immigration, we say the opposite; whatever UKIP says on Europe, we are the opposite. UKIP are backward-looking, we’re forward-looking; UKIP are intolerant, we’re tolerant. That seems to be your main theme. Is that a fair assessment?

**ED DAVEY:**
I think our position is the Party of In. We’ve been pro-European for decades, long before UKIP even came on the scene, so we’re setting out our stall. Nick’s doing it in a very positive way. He’s actually making the point though that there are these people in UKIP who want to pull us out. He’s actually saying at least they have a position.
The Conservative Party’s very confused on this. They’re flirting with that. We think that’s very dangerous for investment, we think it’s dangerous for Britain’s place in the world, our ability to create jobs, our ability to tackle climate change. And we think Labour has been totally silent. I mean where’s the leadership from someone who wants to be the Prime Minister? Miliband is too silent on this. So Nick is taking this to the people. He’s taking it to Nigel Farage.

**ANDREW MARR:**

*(over)* So if he says this is the big argument - Nigel Farage is our big enemy and the European Elections are our big moment - if UKIP beats you, that means you’ve lost the argument, doesn’t it?

**ED DAVEY:**

No, I don’t think that’s the case at all.

**ANDREW MARR:**

What else do you mean?

**ED DAVEY:**

Well listen. We came fourth in the last European Elections, remember that, and …

**ANDREW MARR:**

*(over)* So your position is not popular.

**ED DAVEY:**

Hold on, hold on … And we went on to have a really good Westminster General Election result. So people can read too much into this. But what we want to do is use the European Elections as a way of making the argument and we hope politicians from other parties who share our views – that it’s better for jobs …

**ANDREW MARR:**

Okay.
ED DAVEY:
… it’s better for tackling climate change, it’s better for tackling crime that Britain’s in – and we want and Nick wants … Nick Clegg wants to lead that argument.

ANDREW MARR:
And all the other parties are concerned about the levels of immigration. You actually want more immigration, not less?

ED DAVEY:
We want a more balanced approach. We’ve said …

ANDREW MARR:
(over) No, you want more immigration.

ED DAVEY:
No, no, let … I’ll tell you what we want, Andrew. In cabinet, in this government we’ve argued for a balanced approach, so we’ve supported some of the measures to restrict immigration and actually we’re debating immigration at our conference and we’re putting forward other measures to restrict immigration.

ANDREW MARR:
But you would like to see the extended families – grandparents and so forth – given free rides to come into this country?

ED DAVEY:
Well this is one of the reasons I want to make sure you understand we’ve got a balanced approach. We do think …

ANDREW MARR:
(over) I’ve never had a politician come in and say, “Do you know what, I’ve got an unbalanced approach.”

ED DAVEY:
(laughs) Well we’ve genuinely got a balanced approach. For a start, we have got these
measures which would be more restrictive. But where family life is involved, where it is someone’s husband or wife, I think we should be more welcoming to the families of people who are settled here. And we do also have a view – and Vince has been clear about this, Nick has been clear about this – that immigrants play a very positive, very important role in our society. There are forty thousand, forty thousand foreign born doctors in the NHS.

**ANDREW MARR:**

*(over)* What you’ve just … Sorry. What you’ve just said must mean more rather than less immigration from outside the EU and you’re very comfortable with the levels of EU immigration. So overall my point - you want more immigration, not less immigration – is irrefutable.

**ED DAVEY:**

No it’s not because actually governments don’t … can’t control immigration the way that some people say they can. What you need to do is have tough measures to make sure that the people who come here are legitimately here, they follow the rules, and we also want a political dialogue which doesn’t denigrate immigrants because they play such a positive role.

**ANDREW MARR:**

Alright …

**ED DAVEY:**

You know foreign students bring 13 billion pounds into the UK economy. Let’s not be so negative against immigrants as some parties seem to want to be.

**ANDREW MARR:**

Ed Davey, thank you very much for joining us this morning.

**INTERVIEW ENDS**